Tuesday June 27 1989

## **Navy admits** N-arms on stricken

World News

Soviet sub The safety record of the Soviet Navy and its large fleet of nuclear-powered vessels has become a focus of international concern following an accident aboard one of its cruise missile submarines off northern Nor-

way. The Soviet Navy last night confirmed that there were nuclear weapons on board but said they were safe. The sub-marine's reactor had broken down and it was struggling back to its base on the Kola Peninsula. Page 21

Uno under pressure Japan's ruling Liberal Democratic Party seemed to be preparing to abandon Prime Min-ister Sousuke Uno after a double shock - a severe by-election defeat and the public appearance of a woman who claims he paid her to be his mistress. Page 21

Soviet clears agenda The two chambers of the new Supreme Soviet, the standing approved a mammoth agenda of legislation to be enacted in its first month including a draft law on changing taxation procedures. Page 2

Oil insurance urged The Administration of US President George Bush will press for international action to provide insurance against oil spills as well as legislation to assist clean-ups. Page 6

India protest arrests **Hundreds of opposition leaders** were arrested in India on the 14th anniversary of Mrs Indira Gandhi's period of emergency rule for demonstrating against the Government. Page 4

Athens pact sought Greece's acting Socialist Prime Minister, Mr Andreas Papan-dreou, continued efforts from his Athens hospital bed to form a coalition government with the opposition Communists. Page 2

fran plans reactors Iranian Prime Minister Hussein Musavi has reportedly said Iran plans to build nuclear reactors "for peaceful pur-poses". Page 4

Piebiscite ruled out Carlos Menem, who takes over as Argentina's President in July, has ruled out a national plebiscite on whether to grant an amnesty to armed forces members charged with human rights abuses. Page 6

Warsaw prices move A mounting budget deficit and fast emptying shelves in the shops are forcing the Polish Government to tackle the prob-lem of putting up food prices.

Nyers freedom claim Rezso Nyers, the new Hungarian leader, cast aside what he called the old concept of socialism and said that Hungary was the first East bloc country to recognise Western concepts of freedom. Page 3

Piracy charges Four Thai fishermen have been arrested for killing about 130 Vietnamese boat people in a pirate raid.

Robin's nest ablaze Thieves Wood in Sherwood Forest in the English Midlands, where the legendary outlaw Robin Hood was said to have had his hide-out, was destroyed

# Business Summary

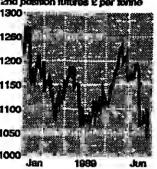
#### Sony plans to fund growth with \$1.55bn share issue

SONY, Japanese consumer electronics maker, is to raise about Y220bn (\$1.55bn) next month in a share issue designed to fund the expansion of semiconductor production by subsidiaries in Japan and the expand its television interto expand its television interests in the US, including, perhaps, further investment in the development of high-definition television. Page 21

COFFEE: Deepening gloom about the outlook for the International Coffee Agreement sent prices for the commodity down to 9½-month lows on the London Futures and

Coffee

2nd position futures 2 per torne



Options Exchange. The September futures position in London at £1,043 a tonne, down £41 on the day. Commodities,

KLM ROYAL Dutch Airlines, which is involved in a \$4.05bn tender offer for Northwest Airlines, will own about 10 per cent of the US airline but will have only 4.9 per cent of the voting rights if the hid suc-ceeds. Page 23

EX-CELL-O, West German is to become the first German company to be quoted on the stock market after a management buy-out. Page 21

UK Takeover Panel has ruled out any change in "trigger level" at which the acquisition or build-up of a stake in a UK company obliges the holder to launch a full bid. Page 20

BOHRINGER MANNHEIM. West German pharmaceuticals company, agreed to buy Toho Pharmaceutical Industries, Japanese drugs concern, in a rare corporate acquisition by a foreign company in Japan.

PETROBRAS, Brazil's national oil company, has said it will freeze its investment budget at \$2bn this year unless the government permits retail price increases for its products. Page 23

TAMPELLA, Finnish engineer ing and forest products group, is to acquire the Italian pack-aging company Carta Cartoni Cellulosa Group (CCC) for an undisclosed sum. Page 22

VNU, the Netherlands' largest publisher, announced that it had sold three electronics magazines in the US with a combined turnover of F1 50m (\$25m). Page 22

HONG KONG is to continue its fight against anti-dumping duties imposed on exports of video cassette tapes. Page 4 TWO companies in the Mitsui

group are paying about £135m (\$209m) for an office development still under construction in central London. Page 8 TATA Engineering and Locomotive Company (Telco), India's second-largest private sector company, consolidated its position in the light com-

23 per cent share. Page 24 STOREBAELT, Danish stateowned bridge construction company, signed a DKr3.15bn (\$410m) bridge building contract with an international consortium in the face of a pro-test from the European Commission. Page 6

STOCK INDICES

Dow Jones Ind. Av.

2,518.78 (-13.09)

302.98 (-0.48)

mercial vehicle market with

# Thatcher fails to halt moves towards EC economic union

A MAJORITY of the European Community's 12 member states last night seemed to be head-ing towards a commitment to the Delors plan for economic and monetary union. This was despite strong resistance from Mrs Margaret Thatcher, the British Prime Minister.

After four hours of flerce debate at the meeting of heads of government in Madrid, a majority led by France and West Germany emerged in favour of an early decision to call an inter-governmental con-ference to reshape Community monetary institutions.

monetary institutions.

Such a meeting would be charged with revising existing EC treaties to implement the phased movement to monetary union outlined in the report prepared by the committee headed by European Commission President Jacques Delors. The report was formally presented at the summit yesterday.

A conference could be called by majority decision. But any decisions on treaty changes could not be taken without

Britain's approval hecause unanimity is required.

The Spanish presidency was last night trying to draft a compromise form of words that would link the general agree-ment among the Twelve on starting a new phase of greater monetary co-operation in mid-1990 with preparatory work on further stages of the Delors report requiring treaty revi-Mrs Thatcher sought to head off any deal that would lead to

tary union. She refused to accept the full Delors prescription for a single central banking system and eventual single currency.

In what she termed a positive contribution to the sum. tive contribution to the summit, she set out the conditions under which the UK would

automatic advance to mone

take sterling into the European Monetary System's exchange rate mechanism. Accepting the first stage of the Delora report, she said Britain could take up full membership of the EMS when UK inflation had fallen, the single market had been completed, and when capital and other financial markets had been

fully liberalised. Her statement gave no date for entry and left the impression she remains unenthusias-tic about such a move before



RC summit host Felipe Gonzalez, Prime Minister of Spain, greets West German Chancellor Helmut Kohl (above) and French Presi-dent François Mitterrand (below) in Madrid yesterday



Most, but not all, other leaders were unimpressed by her attempts at conciliation. President François Mitterrand of

egotiations. While Mrs Thatcher was France ignored her conditional offer to take sterling into the EMS fully, and virtually accused the UK leader of trying to backtrack on broader political commitments made a alone in opposing a firm com-mitment to monetary union, year ago at Hanover, when the Delors committee was set up. "The ideological debate is."

take political decisions," stress-ing that the 12 governments should convene a conference. Treaty revision is required for any change in EC monetary institutions.

Chancellor Helmut Kohl of West Germany effectively lent his weight to an inter-governmental conference, on two conditions. The conference should start only after stage one had started on July 1 1990, timed to coincide with removal of all capital controls in the eight

richest BC states. Preparation for stages two and three would also have to be "sufficiently far advanced" for substantive

some other countries were dis-inclined to hurry into treaty Mr Poul Schlüter, the Danish Prime Minister, described his position as being "somewhere

and the unreservedly pro-De-lors majority. The Dutch and Luxembourg leaders also expressed concerns about illprepared haste. Mrs Thatcher expressed her

belief that the UK parliament would not accept the transfer of sovereignty involved in centralised co-ordination of economic and fiscal policy. She believed other leaders could have similar problems with side chairman and retrain from involvement in running Bond their legislatures. Background, Page 2

# Bond is found 'unfit' for TV. radio licences

to be involved in matters

affecting its broadcasting interests. "The lack of association with Mr Bond and the two corporations he controls with the

proposed restructured board

does not avoid the fact that Mr Bond, by virtue of his share-bolding, remains in control of the company," the judgment said. "Apart from this we have little confidence, in view of the

evideoce we have heard in this inquiry, in the notion that Mr Bond would not ultimately pre-

vail in any significant area where his overall interests

were involved."
Mr Bond said last night he

was surprised that the Tribu-nal rejected his undertakings on dissociation. We took

advice in relation to the under-takings with a view to reach-ing a commercial decision," he said. "This was done so that the matter could be resolved in

the best interests of our share-bolders and thousands of staff.

not accepted, it seems inevita-ble that the law will have to

run its lengthy and expensive course, with the Administra-tive Appeals Tribunal rehear-

ing the whole matter again, and also probable Federal Court proceedings.

"We have a total commitment to electronic broadcast-

ment to electronic broadcasting in Australia and overseas.
No effort will be spared to have
this matter resolved in the best
interests of Hond Corporation
and, in turn, the shareholders
in Bond Media." Mr Jones said
there were 11,000 shareholders
in Bond Media whose interests
needed protecting. "The ones-

needed protecting. The ques-tion must be asked – why pen-alise 11,000 sbareholders because of the action of one,

wheu, in effect, thet share-holder has undertaken that

participation by him, and that

remain completely indepen-dent from him?"

On the Bell Resources mat-

ter, the Australian Stock Exchange said the suspension was because the market in the

company's shares was unin-

formed. The exchange had ear-lier sought undertakings from both Bell Resources and Bond Corporation that they would comply with disclosure

requirements on their proposed brewery deal. Background, Page 21

there will be no man

"As the undertakings were

MR ALAN BOND, the Australian businessman, yes-terday received severe rebukes to his business interests and reputation from two Australian regulatory bodies in the latest hlows to his plans to develop his international brewing and media operations.

In a long-awaited decision, the Anstralian Broadcasting Tribunal, which oversees the government's media policies, found that Mr Bond was not a fit and proper person to hold broadcasting licences.

And the Australian Stock Exchange suspended shares in Bell Resources, a 58 per cent coutrolled offshoot of Bond Corporation, over a A\$3.5bn (\$2.7bn) brewery deal.

The moves come as Mr Bond is attempting to reduce group borrowing, which stands at A\$6hn, through a series of major asset disposals including the sale on international propthe sale on international property assets and a 20.4 per cent stake in Lonrho, the UK-based conglomerate. Mr Tiny Rowland, chief executive of Lonrho, is preparing this week to unleash another severe attack on the Bond my beginning on on the Bond group, having ear-lier claimed that it is "techni-

cally insolvent."
Mr Bond immediately attacked the Tribunal decision, pledging to pursue every ave-me to clear his name through nue to clear his name through a lengthy appeals process. Mr Warren Jones, the chairman of Bond Media, a 53 per cent controlled Bond Corporation subsidiary, added that it was an interim decision and did not affect the group's licences.

The Tribunal indicated it would refer the matter to the

would refer the matter to the Federal Court for determination of possible penalties against Bond Corporation and offered a two-week period for further discussion ou the implications of yesterday's decision.

The Tribunal's finding fol-

lowed more than a year of hearings into a number of matters, including a defamation and Sir Joh Bjelke-Petersen, the former Queensland Premier, and alleged threats by Mr Bond against Australia's biggest investor, the AMP Society. The finding severely criticised Mr Bond's conduct and also rejected his offer to disso-ciate himself from the running of his media empire. This has been Mr Bond's main tactic to avoid an adverse finding. He had offered to appoint an out-

against the D-Mark (DM per E) Index (ave. 1985 = 100) 94 Media.

But the Tribunal found that 90 ....... Mr Bond's position in his cor-porate structure allowed him

D 8523A

#### Pound falls despite repeated intervention

By Simon Holberton, Economics Staff, in London

PRESSURE for a rise in British interest rates increased yester-day as the pound weakened in trading on the foreign exchange markets despite repeated intervention by the

Bank of England, Sterling has depreciated by 4 per cent against the country's major trading partners since Mr Nigel Lawson, Chancellor of the Exchequer, ordered a 1 percentage point rise in base 1stes to 14 per cent on May 24. The pound has fallen by 8 per cent this year.

The market exhibited all its usual nervousness before the release of monthly trade figthese of histings that the ures – May's figures are due this morning – but was further unsettled when it became clear that Britain's full membership of the European Monetons Sustain and horse numbers. tary System had been pushed further into the future.

The pound closed at 89.7 on the Bank's trade-weighted sterling index, compared with 90.3 on Friday, and below the 90 point level seen as a trigger for

the next interest rates rise.
This level is based on the assumption that the Treasury raises interest rates by one per-centage point for every 4 per cent depreciation in the pound — a mechanistic approach it

has always denied.
In Madrid, Mrs Margaret
Thatcher, the Prime Minister, appeared to make only limited concessions to her fellow European Community political leaders assembled for their balfyearly summit. Her conditions for entry imply membership of the EMS's exchange rate mechanism after January 1993.

Analysts said yesterday that the pound's steady decline has taken it close to, or past, the level at which they think authorities will raise interest rates and again raised doubts about the Chancellor's stated policy of not allowing the cur-

# World Bank yields to pressure and defers loans to Peking

By Peter Riddell, US Editor, in Washington THE WORLD BANK is to defer consideration of several new loans totalling \$780m to China, though it will continue to dis-

hurse money under pro-grammes already committed. The bank's decision yesterday follows strong pressure from the US and other industrialised nations which are shareholders in the World Bank. These countries want new these continues want new loans postponed as a protest over the arrest and execution by the Chinese authorities of pro-democracy demonstrators. The deferral will affect seven

new loans, including those for an urban project in Shanghal and a new transport scheme. However, the bank already has a number of large-scale commitments in China which will not be affected. These total around \$3.2hu, of which \$1.49bu has still to be dis-bursed. In addition, the Inter-national Development Agency, the bank's concessionary loan subsidiary, has commitments amounting to \$4.7bn to China, of which \$2.9hu has not yet

The World Bank's decision therefore represents a careful balancing act between the concerns of its major shareholders and its reluctance to hreak off relations with China.

This was reflected in the wording of its statement which said that the bank, "in consul-tation with the Chinese author-ities has decided to defer consideration of several loans pending before the hank's board of executive directors. The timing of discussion on such loans will be kept under review and determined in con-sultation with the Chinese authorities "

This approach avoids a possi-bly divisive vote on the bank's board. Such a deferral has occurred before when there have been political upheavals as, for example, in Latin America.

The decision followed a report by Mr Javid Burki, the director of the World Bank'e China department, who was in Peking and other Chinese

patent reform .

competitive tool .

cities last week to assess the situation.

The key inflneuce was strong political pressure, par-ticularly from the US, the bank's largest shareholder, which last week urged "a post-ponement of consideration of loan applications in international organisations, at least

Mr Bush's approach has been to signal strong disap-proval of the Chinese crack-

ents Peace moves In Africa;

Yugoslavia: A flawed story of Industry ............

Turkey: Bites eagerly at the Stinger missile

India: Reluctant to awallow bitter pill of drugs

Managements Product design - a valuable

for the time being."
By chance, Mr Barber Cona-

ble, the World Bank's presi-dent, last week had lunch at the White House with President George Bueb, an old

down by suspending military sales and all high-level government-to-government contacts but not to interrupt existing trade and economic relationships. Democrat leaders in Congress have urged the President to speak out more clearly

Japan has suspended its new development and other assis-tance to China.

#### THE POWER TO PERFORM

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MARKETS

Taiwan Weighted Index 1000

Apr 1989 Jun INTEREST RATES US lunchume Federal Funds 8군% (6<sup>1</sup>2) 23-mth Treasury Bills: yield: 8.366% (8.329) 5Fr.6.6375 (6.5775 SFr.1.6840 (1.6840 (1.6840 (1.07<sup>1</sup>2) yield: 8.148% (8.191) 4 Col. D

close 1452% (1416)

STERLING New York Aunch \$1.5380 (1.5655) \$1.5450 (1.5870) DM3.0225 (3.0375) FFr10.2550 (10.3075) SFr2.6025 (2.6075) Y217.50 (216.75) DOLLAR New York lunchtle DM1.9630 (1.943) FFr6.6565 (6.596)

\$378.5 (381.8)

FT-SE 100 2,179.6 (+12.1) World: 144.97 (Fri) Tokyo Nikkel Ave 33,625.82 (+95.11) Y141,43 (138.40) Frankfurt DM1.9570 (1.9390) FFr6.6375 (6.5775) SFr1.6840 (1.6640) 1,844.6 (+0.3) Breni 15-day (Argus) \$18.05 (+0.10) (July) West Tex Crude \$20.125 (+0.58) New York lates!

(August)

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The Lord Chancellor, Lord Mackay, Is understood to be reconsidering his controversial proposals for reform in the legal system - proposals that would end the barristers' monopoly on rights of audience in the higher courts. Page 19

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Business links to schools .....

Les: Markets; Bond; Gateway ..

Ryzhkov

nominees

By Quentin Peel in

Moscow

faced with

dilemma on

The Madrid summit of EC government leaders witnesses a change of tactics by the UK in opposing the Delors report

# Thatcher ceases to thump the table over monetary union

By Philip Stephens, Political Editor, in Madrid

MRS Margaret Thatcher, according to her aides, came to tbe European Community's Madrid summit in a "construc-tive, positive" mood. She also arrived ready to stage a

As the summit leaders prepered yesterday to take the first step on the road which most of them expect to lead to full economic and monetary union, there was a marked change of tactics in the British

There was none of the "table-thumping" which has characterised the Prime Minister's performances at many previous summits. She was determined to make her views heard but the tone was to be

economic union, was not - as in the days immediately following its publication two months ego - condemned out of hand. Instead Mrs Thatcher oraised it es a "valuable analysis" which showed bow "fundamental" (a codeword for undesirable) were some of the implica-tions of the later stages.

She underlined Britain's

commitment to implementa-tion from mid-1990 of the measures outlined in the first stage of the report, strengthening economic and monetary policy co-ordination within existing institutions. She was "fully behind" most of the proposals in that stage, particularly those liberalising of financial and capital markets.

conciliatory.

The Delors report, foreshadowing a three-stage move to

Britain wes also ready to reformulete its long-standing position that it would take

sterling into the European Monetary System's exchange rate mechanism "when the time was right".

Mrs Thatcher set down concitions which, once met, would provide the background for a

decision to join.

Aside from the assumption of a sharp fall in Britain's inflation rate, they include the completion of the single Euro-pean market, the abolition of all exchange controls, the full implementation of a free market in financial services and the strengthening of the Community's competition policy.

The new formula does not mean that Mrs Thatcher has dropped her opposition to any early decision to join. She stressed that the precise timing

was a matter for the British government alone and

remarked ominously that sterling might still be vulnerable to oil price shocks.

In theory, her conditions would also allow her to delay any decision on membership beyond the next general election, due by mid-1992. But the aim - which appears to have echieved a

measure of success - was to

convince her partners that st

last the Government had some framework within which the decision would be taken. In the process, Mrs Thatcher may find she has reduced her own room for manoenvre. Assuming that Mr Nigel Law-son, the Chancellor, does man-age to hring inflation down by next year, pressure within the Cabinet and the Conservative

Party for early EMS member-ship may well intensify.

Mrs Thatcher would vehemently deny that her stance at Madrid has been influenced by the Government's defeat in the elections to the European par-Hament. But she does appear to have listened to Conservative Party critics who have argued that the Conservative campaign had created a damaging perception that she was

The more significant retreat. however, may prove to be Mrs Thatcher's, albeit reluctant, acquiescence that preparations start for the implementation of the second and third stages of the report. Though she was still holding out last night, the expectation is that the summit will give a signal that the 12 nations intend to convene, perhans next year, an inter-gov-ernmental conference on mone-

tary and economic union. The insistence by Britain's partners that such a conference be held underlined their determination to maintain the link between the first stage and the much more radical second and third stages of the Delors report.

It was a link which Britain dearly wanted to hreak. Mr Lawson only two weeks ago denied that Britain was committed to monetary union and described much of the analysis of the latter part of the Delors report as "totally flawed".

Mrs Thatcher repeated yesterday that the centralised EC-control over pational fiscal nol-

control over national fiscal policies implied by the Deiors report would not be acceptable to the Westminster parliament. The Government has had to accept, however, that many of its European partners are determined to press ahead with

Mrs Thatcher's tactic now is to try to widen the discussions beyond the particular concept of monetary union drawn up by the Delors committee: to fight from the inside rather than be left behind in a twospeed Europe.

Other countries share her reservations about some of the implications of the process But the evidence of the Madrid summit, with France and West Germany locked again in their traditional alliance, is that the momentum towards eventual monetary union may prove unstoppable. Mrs Thatcher yes-terday spoke of the shared aim of greater monetary co-opera-tion. Most of her counterparts talked about union.

# Spain pushes single market forward

By William Dawkins

COMPLETION of the single market plan was demanded by Mrs Margaret Thatcher yester-day as a key precondition for putting sterling into the EMS exchange rate mechanism. She was speaking of the abo-lition of exchange controls due by July 1990 and of the liberalisation of financial services, an area where the Spanish EC presidency has made excellent

progress in recent months.
But Britain also wants better
progress on the liberalisation
of the telecommunications and transport industries, freer public procurements and common intellectual property rules, said

intellectual property rules, said officials.

It could be a high price. For Community leaders were uncomfortably reminded by the European Commission yesterday that substantial political obstacles have yet to be overcome if project 1982 is to be achieved on time.

The good news is that just over half way through the eight-year programme, member

eight-year programme, member states have adopted 128 of the 279 points in the plan accord-ing to a Commission report presented to the summit yea-terday. The report was offered for incorporation into the final

During Spain's six-month presidency final or preliminary

agreement was reached on 26 herrier-breaking measures from the original internal market plan, including a common EC banking licence and rules against insider trading. Add in e number of mainly routine but related free trade proposals, not listed in the formal blneprint, and the Spanish score counts up to the mid-50s. The numbers game can be misleading but the Spanish achievements on banking,

achievements on banking, technical standards and public procurements have left Madrid with a reputation as an effi-cient and determined EC chair-

The had news, says the Com-mission report, is that member states show e distressing ten-dency to drag their feet when it comes to transforming these plans into national law. Only two of the 68 internal market directives due to have been fully implemented across the EC by now have actually been turned into legislation in all 12 member states save the report member states, says the report. Moreover, it deplores the fact

that governments have so far been unable to take any inter-nal market decisions requiring unanimity mainly reserved for tax matters like VAT approximation or for some me for the free movement of peo-

## Strasbourg gives Delors plan qualified backing

THE EUROPEAN Parliament

yesterday gave qualified sup-port to the Delors committee's port to the Delors committee's three-stage plan for monetary and economic union.

Lord Plumb, outgoing president of the Strasbourg Assembly, told EC leaders that the Parliament "fully supports this objective." It believes "this is the moment . . . to chart the way forward," he said.

But the summit should confine itself to seeking immediate

Italian pay indexation at risk

fine itself to seeking immediate agreement on phase one of the Delors plan, he said. This places the Parliament close to

the UK-led minority advocat-

the UK-led minority advocating a cautions approach to monetary union, though Lord Plumb added that the Parliament supported "the whole and not just the part" of the plan. Immediate agreement was needed on closer monetary cooperation within existing institutional rules and the entry of all EC currencies into the EMS exchange rate mechanism. Decisions on details of the second and third phases for a systond and third phases for a system of European central banks and a single EC currency should be left for later.

#### MR NIKOLAI Ryzhkov, the Soviet Prime Minister, today faces a novel dilemma for a Soviet leader - whether or not nees for jobs in his new government, in the face of popular hostility, or force them through the parliament thanks to his guaranteed majority. to abandon several key nomi-

Deputies in the new Supreme Soviet and the Congress of People's Deputies have combined to reject the nomina-tions of potentially powerful figures in the new administra-tion - as well as three deputy presidents of the Soviet

Union's Supreme Court.
The list of those who failed to pass the scrutiny of the speto pass the scrutiny of the spe-cialist committees inclindes a candidate to become one of three first deputy prime minis-ters, the new Minister of Oil and Gas, the chairman of the powerful State Prices Commit-tee, and the new chairman of Gosbenk, the state central bank. Others are the Minister of Culture and the Minister of Sport.

The most prominent casualty was Mr Vladimir Kalashnikov, who as first deputy premier would have been in charge of agriculture and who is also known as e close associ-ete of Mr Mikhail Gorbachev,

the Soviet leader.

Mr Kalashnikov was accused of being a high-handed Communist Party chief in Volgograd, and unsympathetic to agricultural reform - in spite of baving spent all his early career under Mr Gorbachev in bis home region of Stavropol

his home region of Stavropol. He was followed by Mr Gen-nady Bogomyakov, another Communist Party provincial boss, this time from the Tyumen oil and gas region of West-ern Siberia. He got short shrift from deputies after a scathing attack on his record on protec-

attack on his record on procec-tion of the environment and social spending in Izvestia, the government newspaper.

The lowest vote of all was for Ms Lyra Rozenova, pro-posed by Mr Ryzhkov as the new chairman of the State Prices Committee. After a grill-ling by the combined ranks of ing by the combined ranks of the Committee on Veterans and the Committee on Labour, Prices and Social Welfare, she won only a single vote. As Izvestia said in something of an understatement: "The result was not comforting to the can-

Mr Vladimir Gribov. department chief in Gosplan, the feared State Planning Com-mittee, who was supposed to become the new chairman of Gosbank, was also voted down in committee.

Two other key Gosplan offi-cials got a grilling, but sur-vived with a majority in

favour.

The committees of the Supreme Soviet spent all last week examining the candidates, as well as nominees for the Supreme Court, and the office of the Procurator-General

eral.

There they rejected three deputy chairmen, Mr S. Gusev, Mr R. Tikhomirnov, and Mr A. Filatov. They also refused to approve the nomination of Mr A. Vassilyev, chief prosecutor in the city of Leningrad, to become the First Deputy Procurator-General for the whole Soviet Union — for allegedly failing to pursue to pursue investigations into top-level embezzlement.

The entire process. con-

investigations into top-level embezziement.

The entire process, conducted behind closed doors, and only erratically reported in the Soviet media, has proved far more stormy than Mr Ryzhkov might have expected. He has reserved the right to resubmit names to the full Supreme Soviet now back in session, where he finds the objections "emotional" but also promised last week to withdraw others if the objections were convincing.

The ministerial list has borne the brunt of the rising popular fruetration at the Soviet hureaucracy as a whole. So far, there have been few casualties in the topmost political leadership Mr Gorbachev's Politiburo in spite of the fact that party and government are inextricable from each other.

Mr Ryzhkov's original list axed 50 ministers from the former government, but it was sharply criticised by reformers

mer government, but it was sharply criticised by reformers for still including many long-serving apparatchiks responsible for past policies.

FINANCIAL TIMES

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هوم بالمعالم المعالم الأناب بالمعالمة

EC partners cheered by UK approach By David Buchan in Madrid

NEARLY eli Mrs Margaret Thatcher's fellow EC leaders welcomed the tone of her promise to join a first stage of reater monetary co-operation, though many were disap-pointed she could not commit herself further.

The only threat came from President François Mitterrand who warned that if countries like the UK were not ready to go down the road to full mone-tary union, "we would he ohliged to reconsider our posi-tion" with regard to lifting exchange controls next sum-

mer.

He explained that when he agreed to join in abolishing capital controls by July 1 next year, he had "in mind that there would be further stages towards monetary union". By yesterday evening, about half the EC states had lined up firmly in favour of the Delors report and, in particular, of the European Commission President's call for a clear political commitment to eventual revi-sion of the EC treaties creating new monetary institutions.

They included France, Italy, Spain. Belgium and, somewhat surprisingly, West Germany. Chancellor Helmut Kohl endorsed the necessity of "a single process" leading towards monetary union.

He said that the first stage of more intensive economic and monetary co-operation should start next July – e Delors committee recommendation with which everyone including the UK agreed. But he went on to state the desirability of all EC currencies belonging fully to the European monetary sys-tem by the end of next

While endorsing the end goal of monetary union, three coun-tries – the Netherlands, Lux-embourg and Denmark – laid stress on marting further strese on wanting further detail ebout the second and third stages of the Delors report. This emphasis did not put them in the British camp hut made them disinclined to

hurry into treaty revisions.

An inter-governmental conference to achieve this need not even be decided, let alone not even be decided, let alone launched, until the middle of next year, Mr Ruud Lubbers, Prime Minister of the Netherlands, said. His Danish counterpart, Mr Poul Schlüter, described his position as "somewhere in between" that of the UK and the unreservedly

NKIGHBOURS: Spein's Gonzalez (right) welcomes Portugal's Cavaco Silva to Madrid pro-Delors camp.
A trio of small countries, Ireland, Greece and Portugal, entered modest reservations.

Thatcher spoke against yesterday.

If all countries were required They stressed their desire for the Delors report to be adopted in its entirety, including a further increase in structural eco-nomic aid to poorer outlying regions, something which Mrs

to join the EMS next year, as leaders like Mr Kohl were sug-gesting yesterday, that would pose problems for Greece and Portugal. However, neither is committed to lift capital controls until 1994-95.

fight drugs By William Dawkins BRITAIN AND Spain yesterday agreed to join forces in the battle against international drug trafficking.
Sir Geoffrey Howe, the UK
Foreign Secretary, and Mr
Francisco Fernandez Ordonez,
his Spanish counterpart,

> gins of the summit.
> It allows police and customs It allows police and customs authorities free access to take action against narcotics dealers on each others' territories. The accord extends Britain's 1986 Drug Trafficking Offences Act, which allowe police to trace, freeze and confiscate the proceeds of drug dealing. It gives British and Spanish police the same powers in each others' countries. This is the first such bilateral agreement since the British act came into force, though the UK already has similar

**UK and Spain** 

join forces to

the UK already has similar arrangements with the US, Canada, the Bahamas, Ber-muda and Switzerland.

By John Wyles in Rome

# Advantage BNP in Europe.

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blishing export credits or for access to the money markets, BNP enables you to take full advantage of the very best commercial opportunities.



ITALIAN industrialists ere expected to threaten formally today to ebandon the scala mobile system of wage indexation unless the unions and eventually the Government join e concerted action to halt s rise in wage costs now running at an annual rate of 10 per cent.

Negotiations between leaders Mr Sergio Pininfarina, Confindustria's president, first floated the idea of renouncing the scala mobile, e fortnight ago in a move which he admitted was aimed at forcing the unions to concentrate on the problem of rising costs.

Most of the main private sector wage contracts come up for renegotiation from the end of the year and the employers are clearly anxious to restrain

cent.

Negotiations between leaders of Confindustria, the main representative of industry, and secretaries of the three union confederations are coinciding with a growing concern about the national inflation rate which, according to figures published st the end of last week, reached 7 per cent in June.

clearly anxious to restrain union ambitions when their pay claims are put together in the autumn.

the autumn.

The immediate problem facing Confindustria is procedural
since the current scala mobile
agreement is antomatically
renewed unless either employ-

ers or unions give notice of withdrawal by the end of this month. Mr Pininfarina wants the unions to agree to move this deadline until the end of October to allow time to work ont the framework of what would, in effect, be e private sector wages policy.

The three union confederations have not yet found a common response, all want to preserve the scala mobile but the two smaller groups, the Cisl and the Ull also seem prepared to acknowledge that there is a problem of labour costs. Cgil, the largest, has so far refused to discuss the issue under any kind of threat against wage indexation.

# Papandreou negotiates on new coalition from hospital bed

By Andriana lerodiaconou in Athens

GREECE'S acting Socialist Prime Minister, Mr Andreas Papandreou, yesterday contin-ued efforts from his Athens hospital bed to form a coalition government with the opposition Communists.
The Communist Alliance ran

third in the June 18 general election in which Mr Papendreou's Socialist Party (Pasok) was defeated by 39 per cent to 44 per cent by the conservative New Democracy party led by Mr Constantine Mitsotakis. The current Greek electoral system, however, prevented

ing an absolute majority of seats in Parliament, plunging the country into crisis. Mr Papandreou has been in hospital since last thursdey with pneumonia, a cardiac infection and malfunction of however, without going into hospital since last thursdey

the conservatives from secur-

the kidneys and was feared close to death in the early hours of Sunday morning.

Remarkably, however, he had recovered sufficiently yesterday to see Mr Charliaos Florakis, the Communist leader, for 25 minutes. A medical bulletin said the Prime Minister's health had improved.

health had improved.

Mr Florakis said after the meeting that the Alliance abided by its decision, announced last week, to reject coalition with any other political force in favour of the formation of a national unity government as prescribed by the constitution under the so-called "fourth mandate". The Communists have already turned down an offer to form a

details, that Mr Papandreou had put forward an "interesting package of proposals". The two sides said that these proposals would be elaborated in a second meeting today between Mr Florakis and Mr Akis Tsohatzopoulos, the acting Interior Minister, who would be representing Pasok and the Prime Minister. The Interior Minister is chiefly distinguished among the Socialists for his loyalty to Mr Papandreou but is not considered a party heavyweight. It was unclear on what constitutional basis today's meeting would be taking place. The Socialists' constitutionally prescribed three-day mandate for trying to put together a wighle scribed three-day mandate for trying to put together a viable government officially expired yesterday. The Communist Alliance is the next party in line for receiving the mandate.

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# East-West talks aim to clear way for N-test pacts

THE US and the Soviet Union are expected to resolve their remaining differences over how to monitor nuclear tests in talks which resumed in

 $f_{j_1}$ 

Geneva yesterday. Agreement on methods of varification would open the way for the US Senate to ratify the 1974 Threshold Test Ban Treaty (TTBT) and the 1976 Peaceful Nnclear Explosions Treaty (PNET) which limit the size of underground nuclear explosions - the only ones still

Chances of success in the fourth round of the nuclear testing talks have been boosted by the satisfactory completion last year of two joint US-Soviet

nuclear test experiments. At these so-called joint verification explosions, one at the US test site in Nevada, the other at the Soviet site in Semipalatinsk, each side demon-strated to the other the verification techniques it was

Both agreed to negotiate pro-tocols to the two treaties which would contain a "menn" of acceptable techniques that sure future nuclear tests. The protocols would allow one side to attend the other's test explo-

Mr Paul Robinson, head of the US team, said the new round of talks, which is expected to last five or six weeks, aimed at "finalising the proto-

col language."

There was a "high degree of confidence" on both sides that agreement would be reached. Mr Igor Palenykh, leader of the Soviet delegation, said the two sides had already worked

nism for the PNET and were very close to agreeing a draft verification protocol for ths

The TTBT limits the size of underground nuclear tests to 150 kilotons. A kiloton equals the explosive force of 1,000 tonnes of TNT.

The PNET restricts the size of nuclear explosions used for peaceful purposes.
Under the Reagan Administration the US had refused to ratify the treatles until effective verification measures had

the verification measures had been agreed.

The ultimate aim of the talks – an end to all nuclear testing – is still not within sight. The US, while acknowledging a comprehensive ban as a long-term objective, argues that testing remains indispens able to maintaining a credible

# Polish Government steels itself to put up the price of food

By Christopher Bobinski in Warsaw

A MOUNTING budget deficit and fast emptying shelves in the shops are forcing the Polish Government to tackle the problem of putting np food prices, even at the risk of

unleashing serious unrest.
The Government must decide by how much and when to increase prices in the wake of its crushing election defeat by the Solidarity opposition which has left the future of tha cabinet very uncertain.

The Council of Ministers chaired by Mr Mieczyslaw Rakowski, the Prime Minister, is dne to meet tomorrow to debate the subject with Mr Ireneusz Sekula, wbo is responsithat big rises be brought in as soon as possible.

Mr Sekula is being snpported

in the debate by the ministers of Agriculture and Internal Trade, both of whom see the dangers of having the market collapse. The Government is expected to seek support about tackling the problem from the representatives of the Solidarity trade union and its official counterpart, the OPZZ, and the Solidarity farmers' union at talks in Warsaw today.

of last week to around 21 5,500 yesterday as people sought to

Among the alternatives are raising all food prices from July I; waiting till the begin-ning of August; or limiting the price rise to meat and going ahead on July 1.

The rises would mean drop-ping meat rationing which has been in force since the begin-ning of the decade. Some items could go up fourfold.

Indexation of wages to price inflation is due to begin in Angust. At the weekend the official unions demanded a freeze on all prices until a new Government had been installed. In the past few days the price of sugar, cigarettes and alcobol and petrol have all gone up as the Government

seeks to mop up the popula-tion's excess buying power.

The budget deficit, was origi-nally planned for the year at ZI 1,000bn (£773m), had reached ZI 3,500bn after five months partly as a result of raising prices paid to farmers in April and the increased costs of pension payments.

On the free market the cost of the dollar has risen from some ZI 4,000 at the beginning

anticipate further price rises. Solidarity has yet to make its position clear on price rises, as it is busy coping with the political implications of its ection victory. This has left the opposition movement unwilling to participate in gov-ernment and uncertain whether to go along with the election of Gen Wojciech Jaruz-

elski as President. Poland's new Parliament is expected to meet on Friday to be sworn in and choose chairmen for both the Senate and the Sejm, the lower chamber. Both chambers could then meet towards the end of next week to elect the President.

On paper, the Communists and their allies have 299 depn-ties in both chambers, while the opposition controls 261; and in theory, Gen Jaruzelski should prevail, assuming none of the Communist party depu-ties decides to turn against

This week's meeting of the party's central committee has been put off till next week when it will be asked by the Politburo to recommend the General for the post of Presi-

# A flawed story of Yugoslav industry

Judy Dempsey, in Velika Kladusa, looks at the Agrokomerc case

HUNGARY

UNSUSPECTING traveller would be forgiven for thinking that Velika Kladusa is like any other small town in Bosnia-Hercegovina. The 12,000 strong population consists of Moslems, Serbs and Croats, the birth rate is high and many people still work on the land. But unlike other towns in Bosnia, this one is plastered with billboards which promote just one name: Agrokomerc, the firm which boasted that it could provide any household with any ingredient for any meal from breakfast to dinner. This vast enterprise, which

This vast enterprise, which until recently employed more than 13,000 people, was the pride and joy of the townspeople. But today the town is deeply divided over its loyalities to Mr Fikret Abdic, the man who founded Agrokomerc. Mr Abdic languishes in a prison not far from Velika Kladues waiting to be tried on dusa waiting to be tried on charges ranging from mismanment to downright fraud. Some employees are not sur-prised. They recall Mr Abdic's luxurious life-style, his cars and villa on the coastal resort of Rijeka. Others are puzzled.
"We never bad it so good
under Abdic," they say. "He
turned Velika Kladusa inside-

Hero or not, Mr Abdic, like many other managers during the Tito years, ran the town like a personal flefdom.

Back in the 1960s, most of the population earned a mea-gre living off the land. Mr Abdic sooned changed that. He first opened up a small food-processing industry, employing just a handful of people. He gradually expanded the business. By the late 1970s, party and government officials from Belgrade would land their helicopters in Velika Kladusa to sing the praises of Mr Abdic. Here was the future of Yugo-slavia: a man who could Z SLOVENIA **ROMANIA** CROATIA BOSNIA BELGRADE HERCEGOVINA **BULGARIA** ADRIATIC S KOSOVO, SEA MONTENEGRO MACEDONIA **ALBANIA** GREECE

employ 13,000 people; a firm which could export \$70m worth of goods; a town which could

of goods; a town which could boast full employment.

By 1983, the snccess story started turning sour. Officials in Sarajevo, the capital of Bos-nia, began looking at the books. They found that Agro-komerc was issuing unbacked promissory notes. But little action was taken. After all, Rosnia like other republics in Bosnia, like other republics in Yugoslavia, was not run on the basis of public accountability but on the principle of patron-age with jobs shared among

the local court, police, Commu-

nist party and town council.
In the meantime, millions of these promissory notes were circulating throughout Yugo-slavia. One of the representatives on Agrokomerc's work-ers' council recalls that during 1987, the management was filling in between 3,000 and 5,000 notes a night. The federal authorities were called in. The books were scrutinised. Mr Abdic, along with 28 people from the board of directors were arrested and over 120 oth-

The books showed up three main faults. First, the export figures were distorted. Agrokonerc was not exporting \$70m of its products as it claimed

Mr Abdic also overemployed biscuit plant was supposed to employ 15 people but Agro-komerc hired 60 people per shift. "It looked good - high employment. It meant credit from the authorities," one of the union officials commented Above all, Mr Abdic sold cheaply but hongbt expensively. Shortfalls were generally made up by issuing promissory notes. By 1987, over 50,000hn dinars (\$3.3bn) of these worthiess notes were cir-culating

Today each wage earning cit-izen of Bosnia now has to pay 3 per cent extra tax into a fund to repay the promissory notes while the firm has laid off over 4,000 people. Yet despite this, there is now a campaign to free Mr Abdic and allow him return as director of Agrokomerc. One of the men behind this zovic, a brother-in-law of Mr

Abdic. Through cajoing, be persuaded over 4,000 employees of Agrokomerc to demand the release of their ex-boss.

At the same time, the new management under Professor Pirja Osman bas plans to reorganise the company. Mr Robert Lazarevic, a member of the workers' council, reckons the new management has a good chance of turning the company

That, however, is exactly what Mr Kajtezovic fears. A successful Agrokomerc under new management would have no need for Mr Abdic. Already, some of the workforce are blocking the new proposals, refusing to turn up to work and bringing Agrokomerc fur-ther into debt. "That is exactly wbat they want," says Mr Lazarevic, adding, "that would release and reinstatement of Mr Abdic as boss."

But times are changing. The new government under Mr Ante Markovic is no longer prepared to turn a blind eye to corruption and patronage. Economists around Mr Mar-

kovic say the old system can be broken by making enter-prises independent and hreaking the cosy relationship between banks and businesses, whereby enterprises could set up banks and then issue themselves with new credits.

Others remain sceptical that the system can really change. They say old bablts die hard in this part of the Balkans where family and local connections prevail over legality. Mr Mar-kovic seems to know that, which is why he remains popular among those who want genuine competition and some degree of public accountability but deeply unpopular for those who long for the good life of the old days. Agrokomerc's future may well signal which side wins.

## Serbia appeals to pockets of patriots

By Judy Dempsey

BANKS in the Yugoslav republic of Serbia yesterday began issuing bonds to loyal patriotic citizens in an effort to revive the flagging economy.

Through this campaign, called Zajma, the Serbian government hopes over the next six months to raise at least \$1bn and more than 2,000bn Yugoslav dinars. Officials are reluctant to specify how the money will be invested, but they claim that priority will be given to those sectors of indus-try which will produce the quickest return.

They also promise that none of the money will be used to rop up loss making industries.
The bearers of the bonds which are the brainchild of Mr Slobodan Milosevic, Serhia's populist President, will be paid interest rates above bank rates Those who buy bonds in hard currency will receive a 2 per cent bonus.

Yesterday, as the banks opened their doors, the patriotic queues were somewhat sborter than bad been expected. However, staff at Investbank in downtown Belgrade said 20 people had already bought bonds. And, in a particularly impressive gesture of loyalty, some had handed over

dollars and Austrian schillings. Their photographs may now appear in Polityka, the daily which has become a beacon of Serbian patriotism.

Banks are to set up special Zajma accounts in enterprises, The official explanation is that it will make things easier for the workforce to contribute. More sceptical Serbs believe it will exert pressure on all employees to do so.

# French jobless figures fall below 10%

By George Graham in Paris

FRANCE'S unemployment rate dropped last month to 9.9 per cent, breaking into single fig-

with 2.52m people registered as out of work, 0.7 per cent less than the previous month, tha French employment figures continued the improvement of the past year. The steady reduction in the

creation of new jobs. Mr Jean-Pierre Soisson, the

omy," he said.

Mr Soisson said that he planned to continue attacking the basic problems of unemployment through economic

France continues to face problems with the long term unemployed rather than with

ployment.

#### number of jubless has been due in part to an upturn in the

ures for the first time since the current series of statistics has been published.
Unemployment in France
has been above 10 per cent

Minister for Employment, said that the figures were better than he had expected, and that the rhythm and momentum of job creation remained strong. "The statistics reflect the good health of the French econ-

measures, rather than through the introduction of new tempo-rary work schemes.
"Don't count on me to create

new 'parking' measures," he said.

seasonal or short term unem-

Last month's statistics shawed that the average period out of work had length-ened to 385 days from 370 days

# SPD chief sees no chance of a sharper edge for Lance

By David Marsh and David Goodhart in

THERE WILL be nn "modernisation" of the sbort-range Lance nuclear weapons on West German territory, helieves Mr Hans-Jochen Vogel, chairman of the conntry's opposition Social Democratic Party (SPD). Moreover, if the SPD comas to power in the December 1990 general election, it will aban-don the four-nation European fighter aircraft project.

In an interview with the Financial Times, Mr Vogel emphasised bow the short-range missiles, which the US and Britain want to update in the mid-1990s, remain a simmering political issue in West Germany, in spite of the compromise at the Nato summit last month papering over differences between Bonn and its Nato parmers

He stressed the closeness of views between him and Mr Hans-Dietrich Genschar, the Free Democrat Foreign Minister, who has made clear his wish for an eventual "third zero" - the elimination of short-range land-based wesp-ons from Europe.

Asked about the speech hy Mr Mikhail Gorbachev, the Soviet leader, in Bonn a fortnight ago calling for early talks on reducing, and eventually eliminating, short-range nuclear weapons, Mr Vogel said: "I agreed with the speech. It corresponds to our position. The Foreign Minister also seems to have a similar opin-ion. Gorbachev is talking about

a triple zero; we agree."

Mr Vogel underlined his
deep misgivings about the sbort-range weapons which will remain in central Europe after implementation of the US-Soviet Intermediate



Vogel: no EFA either

Nnclear Forces treaty scrapping medium-range missiles. These weapons are mainly deployed on, and aimed at, East and West Germany.

"They (the short-range missilas) are weapons for waging war - and consciousness of that has risen in Germany. They are weapons which, if used, would make much of central Europe nninhahitahle. How can we be willing to destory that which we say we want to defend?"

He said the recent Nato Wintex exercise, which simulated the use of more than 30 of these weapons, "has height-ened sensitivities about this." Over the quastion of modernising Lance, Mr Vogel said this appeared out of the question, whoever ruled in Bonn in 1991. "As clever a man as Franz Josef Strauss (the late Bavarian Prime Minister) once said that there would be no

majority for Lance modernisa-tion. The political forces which are with us (the SPD), agreeing that we should say 'no' to the new weapons, are sufficiently large that I do not think that we shall see modernisation of

the Lance.
"I don't think it is possible to tation new weapons on the territory of a country which does not want them. Our position (within the SPD) is clear – and I have a feeling that Genscher agrees with us.

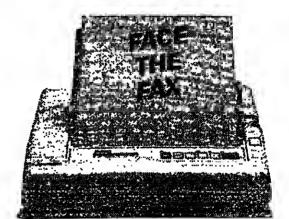
Under President George

Bush's initiative, unveiled late last month, for speeding np East-West talks in Vienna about reducing conventional forces in Europe, negotiations on cutting short-range nuclear weapons will not start until an accord on conventional forces has been at least partly imple-mented. Mr Vogel said this condition appeared to rule out early talks on short-range

weapons, the goal set by the Bonn Government in April. There is not a very high probability that we will have successful results from the Vienna negotiations, and partial implementation, by 1992. This is the date when the US wants to make a decision on introducing and deploying the new Lance follow-on weapons. So the likelihood that we will actually come to negotiations on reducing short-range weap-

ons is rather small." Questioned about the SPD's attitude to British and US proposals to introduce a new stand-off air-launched nuclear missile during the 1990s for Nato air forces, Mr Vogel said: "I have a healthy sensibility towards nuclear weapons of all sorts. I don't see why we should add to them."

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#### **OVERSEAS NEWS**

Aquino

refuses land

minister's

resignation

PRESIDENT Corazon Aquino has refused to accept the resignation of her land reform secretary pending results of an

investigation into scandals in

his department, Reuter reports

from Manila.

Land Reform Secratary
Philip Juleo said he submitted

# Israel examines the aid dilemma

Dependency on US cash is questioned, writes Hugh Carnegy

ENIOR Israeli economists have been asking hard questions about how extensively the country relies on US aid and how prepared it is for any reduction, questions which are both uncomfortable and pertinent.

Uncomfortable because ulti-mately they deal with the issue of Israel's ability to survive on its own two feet. Pertinent ause US aid is declining in resl terms and - with hudgetary restraints taking their grip in Washing-ton – may fall further in years

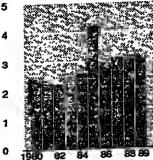
to come.

The level of concern was apparent at a seminar held by the Israel international insti-tute, an independent Tel Aviv think-tank. Billed as tha first serious public discussion of the matter in Israel, it was attended by officials from the defence establishment, the finance ministry and the central bank, among oth-

Among them was deputy finance minister Yossi Beilin. He said it was high time the issue was addressed, noting by analogy that the problems brewing in the occupied terri-tories had been neglected for more than 20 years by Israel before they erupted with such serious consequences for the

mists who prepared papers for the seminar was, essentially, that Israel's dependence on US aid has become so ingrained that a large, immediate cut would be disastrous. Even relatively modest cuts over time would require serious and difficult adjustments in the local

US aid to Israel US\$bn (fiscal years)



US aid to Israel, which taken with that for Egypt accounts for 40 per cent of all annual US for 40 per cent of all annual US overseas aid, began to build up heavily after the Six Day War of 1967 to levels of about \$500m a year. After the Yom Kippur War of 1973 and the subse-quent oil shocks it leapt again and by 1990 it reached \$20m a and by 1980 it reached \$3hn a year. It peaked in 1986 at \$4.2bn before falling to \$3bn.

At the peak, aid from Washington accounted for the equivalent of 18 per cent of Israeli gross national product. In the 1980s there was a dramatic shift away from loan aid to the position today when almost all the aid is in the form of government-to-government grant.

The primary reason for much of these increases has been to bolster Israel's security in times of war or threat. Professor Pinhas Sussman, a for-mer director general of the defence ministry, pointed out in his paper that since the early 1970s US defence aid had played a vital part in enabling israel to build its share of

defence spending from 10 per cent of GNP to as high as one

third of GNP. This has fallen sgain to 16 per cent year, hut Professor Sussman noted that the share financed from own resources was back to levels equal to before the 1967 war. US assistance enabled Israeli forces to build up arms and equipment at rates it could not otherwise have achieved.

Without it, he says, Israel would bave been forced to adopt "substantially different" defence policies. "It is probable the Middle East military and political map would look very different to what it does."
in fact, Israel has been in considerable economic difficul-

ties anyway during the period in spite of infusions of aid. Moshe Syrquin of the eco-nomic department of Bar-Ilan University asked if there was a link between the "dismal" eco-nomic performance since 1973 and the parallel big capital inflows, mainly US aid.

Not entirely, was his own answer. But he identified the inflows as a culprit in helping to induce a drop in investment levels, a shift to non-tradeables and a relaxation in fiscal discipline by the government, whose commitment to welfare payments shot np in the period.

"[Capital inflows] permitted inefficiencies to go on, reforms memciencies to go of, reating to be postponed and eventually generated additional aid requirements'," he said.

The economy had reached crisis point by the mid-1930s, with inflation in three figures, the statement of the control of

debt totalling more than twice GNP and the gap between gov-

ernment expenditure and taxes

reaching 25 per cent of GNP. A stabilisation plan introduced in 1985 was backed by additional US aid of \$1.5bn spread over

The institute's Professor Zvi Sussman, a former deputy governor of the Bank of Israel said in his paper that a combi-nation of the aid, high taxes and spending cuts linked to the aid achieved a dramatic turnaround. The budget was bal-anced within two years, debt scopped rising and the debt/

But here he sounded an ominous warning for the future. He said the improvement was not accompanied by the structural changes needed to diminish the public sector. When aid levels slipped back again, so the hndget deficit re-opened, reaching 5 per cent of GNP last year. It was likely to be more this year.

Professor Sussman projected that if US aid declined over five years to 5 per cent of GNP from Its 1988 level of 9 per cent and there was annual growth But here he sounded an omi-

and there was annual growth of 2 per cent, an agonising 25 per cent cut would be required in public spending to balance the budget if current ratios of expenditure were maintained.
Growth would have to be in
the order of 6 per cent a year to
offset the need for spending
cuts, a level which at present seems far off for the stagnant

The conclusion was clear: Washington should make any reductions in aid gradually and the Israeli Government must make the structural changes necessary to get the economy moving again if it is to avoid painful choices in policy, including in defence.

later than planned, AP reports from Windhoek. Mr Gerhard Roux, spokes-

United Nations resolution could be met "if things go

which will establish an assembly to write a constitution for Namibia when it becomes an independent state early next year, ending 74 years as a colony of South Africa.

#### Record budget deficit in Sudan

from Khartoum.

last week, Mr Dayem said the budget deficit for the year beginning July 1 was likely to be \$£13.2bn (\$2.9bn). Foreign assistance was expected to cover S£5.6bn of the shortfall.

#### Rescheduling for Zaire's debts

The Paris Club of leading west The Paris Club of leading west-ern creditor governments announced yesterday that its members have agreed to res-chedule an unspecified amount of debt service due on loans to Zaire, AP reports from Paris. The French Treasury, which acts a secretary for the informal group, said in a statement that the sgreement falls under an approach devised at last year's Toronto economic summit. Under the "menu-option" spproach, creditors can grant debt relief in the form of partial write-offs, extended repayment periods or below-market interest rates. Zaire's total for-eign debt has been estimated at mora than \$8bn.

# Afghan rebels to

The Afghan government will free rebel prisoners in exchange for Soviet soldiers

# Bombay leads the way in weaning from the state

Private finance is going into projects traditionally regarded as public sector, writes David Housego

sector is beginning to be dismantled in Bombay. Private companies have been called on to finance and build the highways, ports and power generat-ing plants which the local state government no longer has the

RPG Enterprises, the chemicals and engineering group of Mr Harsh Goenka, has prepared a feasihility study to build a four-lane highway to connect Bombay with Nashik on the western Ghats – passing through Bombay's industrial belt, one of the country's heaviest traffic-density areas.

heaviest traffic-density areas. The highway would cost Rs1.8bn (£72m) and be paid for

largely out of toll charges. RPG has also submitted pro-

posals to build a 500 Mw power plant at Nagpur in Maharash-

tra. As part of its strategy of expanding more into infra-

structure and power projects previously reserved for the state, it has obtained a stake and management control of the Calcutta Electric Supply Com-

pany – the city's main distrib-utor owned by the financial institutions.

Reliance Industries, the con-glomerate run by Mr Dhirub-hai Ambani, is seeking to huild a Bombay-Pune highway – the other main industrial artery in

Maharashtra — as well two power projects in Maharashtra and neighbouring Gujerat.

structure projects.
On Nariman Point, in the heart of Bombay's financial

district, Infrastructure Leasing and Financial Services opened

sits doors a year ago to help state governments and private industry with projects in which the private sector might

get involved. Run by a former Citibank official and owned by

the financial institutions, it hopes to have a prototype project ready by September to dem-onstrate how the legal, admin-

istrative and financial

the resignation on Saturday because of allegations of criminal conspiracy in the purchase of an estate for distribution to resources to fund. Last month Mr S. K. Shinde, finance minister of Maharashtra, announced a programme of "privatisation" to remove infrastructure bottlenecks. The peasants.

The purchase was blocked last December after officials complained that the Government had agreed to pay 62m peaces (\$3.1m) for land worth

national programme.

Some opposition members treat it as a gimmick. Industrialists and bankers take it serionly 3m pesos. ously. RPG Enterprises, the chemi-

#### Seoul students battle police

Club-wielding students threw hundreds of firebombs at police in a protest demanding police in a protest demanding the release of a prominent churchman who went on trial yesterday for making a secret, illegal trip to North Korea, AP reports from Scoul.

The clash between police and about 500 students happened at Sogang University, about three miles from the courtroom where the Rev Moon Ik-hwan a Presbyterian

Moon Ik-hwan, a Presbyterian minister, went on trial for his life on charges of violating the national security law.

About 1,500 police were deployed around Seoul's dis-

trict criminal court, where Rev Moon was brought in blue prison clothes, his hands hand-cuffed and tied with a rope. Rev Moon is charged making a nine-day trip to North Korea in March, during which he talked to President Kim Il Sung on national unification.

#### Namibia election maybe postponed

Voter registration for Namibia's independence election will begin July 3, but a government spokesman hinted yesterday that the election itself could be put off until the second week in November, a week

man for the territorial adminis-trator-general, said that the original timetable set out in a

msnt that corruption and embezzlement "have grown to pose a danger to our values, society and financial and economic conditions." He said inflation was running at an annual rate of more than so per cent.

# exchange prisoners

captured by guerrillas during the 10-year-old war, rebel sources said yesterday, AP reports from Islamabad.

Soviet diplomats, however, said final approval of the pris-oner swap must come from the Soviet-backed government in Kabul. An exchange agreement was reached at a fourth round of talks yesterday between Moslem guerrilla representatives and the Soviet Embassy

HE traditional Indian reliance on the public Mr Ashok Basak, planning Government, says the state has turned to the private sector because of the squeeze on its own financial resources. With spending on education, social services and irrigation on the increase, infrastructure pro-jects have been taking a dimin-ishing share of investment out-

lays.

The state wants to accelerate The state wants to accelerate the growth in its industrial output from a current rate of 8-9 per cent – already one of the highest in the country – to 11-12 per cent. But growth is being curtailed by power shortages and inadequate roads and parts. programme is seen as a trial run for a far more ambitious

mong projects in which
Maharashtra has said it
is seeking private sector participation are highways,
link roads, power plants,
coastal poars, ferry services

and a car park. Maharashtra'a plight is no different from that of the central government in Delhi. Initial projections being worked out within the sdministration for the next five-year plan (1990-1995) show that in several (1990-1995) show that in several sectors bottlenecks or shortages will get worse because demand is rising faster than the pace at which the government can implement projects.

For these reasons Mr Sharad Kulkami, executive director of RPG, believes "privatisation" is transitable.

is inevitable. Financiers in Bombay do not believe the private sector will have any problem in funding a large-scale infrastructure prolarge-scale infrastructure programme. Says one: "Raising money per se is not a problem. This country is awash with funds." Additional household savings each year now amount to Rs400bn-500bn, which includes an annual 20 per cent increase in bank deposits.

A record rise in new issues on the capital markets over the last year demonstrates the private sector's ability to tap pop-Reliance has recently taken over Larsen and Toubro, one of India's largest engineering con-cerns, in part to make it easier to compete for major infra-

vate sector's ability to tap pop-ular savings. The Tsta steel group, Tisco, has just launched

the largest-ever public issue in India for Rs6.5bn which drew Rs10bn in subscriptions.
Infrastructure Leasing says six state governments have already initiated small-scale "privatisation" projects to be financed through user charges. These include bridges in Orissa, a major port jetty in Gujerat, and a link road in adhya Pradesh.

companies are gearing them-selves to gain a foothold in the infrastructure sector. They include the Tatas, the Singhanias, Essar Shipping, Mahindra and Mahindra and Ashok Ley-

One of the consequences will be to etrengthen the trend already emerging with the greater flexibility over licensing procedures and moropoly restrictions towards the creation of larger, internationalsize groups in India. This began with the private sector putting up petrochemical complexes, fertiliser plants and small steel mills.

small steel mills.

Another phenomenon to emerge from the exercise is that state governments are pushing ahead faster than the central government—reflecting the pressures for decentralisation and the greater difficulties that the central administration has in carrying through a big change carrying through a big change

in direction.

In the power sector, however, government and industry have already agreed on the broad terms under which private companies will put up in direction. power plants. These include a 15 per cent post-tax return on capital based on power plants operating at about 63 per cent of capacity. Though private operators will have to accept government-determined tariffs, they hope to achieve their profits by operating at much higher loads than state-owned

plants, or the 63 per cent norm.
On highway constructioo.
Mr Kulkami doubts whether toll charges alooe will be suffi-cient to recover the costs of the cient to recover the costs of the Bombay-Nashik sector. He is looking to the state taking an equity share through providing the land, or to RPG being allowed to develop hotels or land for housing or commercial use. He says the important thing is for the first major project to be seen to be financially ect to be seen to be financially
viable if it is to trigger others.

An accelerated infrastructure programme would mean

substantial contracts being placed abroad. The domestic power equipment industry, for instance, is already beavily overstretched.

At a national level Prime
Minister Rajiv Gandhi has no
wish to publicise his Government's shift towards privatisation before a general election
at the end of the year. But the fact that the Congress govern-ment in Maharashtra is being allowed to go ahead shows the



Delhi police arrest an angry opposition Bharatiya Janata Party demonstrator yesterday

# Mass arrests in Delhi protest

By K.K. Sharma in New Delhl

HUNDREDS of opposition party members were arrested throughout India yesterday, the 14th anniversary of the proclamation of the late Mrs Indira Gandhi's 18-month emergency rule in 1975, for demonstrating against what they alleged was the misuse of government-controlled radio and television networks. The trouble began in New Delhi when Mr V.P. Singb, widely considered to be the main political rival of the indian Prime Minister, Mr Rajiv Gandhi, and scores of his followers in the National Front

of opposition parties broke a police cordon near the main radio station. A similar demonstration

turned violent in Vijayawada, in the sonthern state of

Andhra, when police made a baton charge at demonstrators outside the radio station and injured about a dozen of them. The nationwide protest is being staged because of what the opposition parties claim is unfair projection of the Prime Minister and the ruling Congress-I party and its policies. All the main radio and television news bulletins give detailed coverage tn Mr Gandhi's speeches and public appearances all over the

country.
Publicity for Mr Gandhi has increased in recent weeks when he has stepped np campaigning for the next general election. No date for this has been announced but it must be held within the next six months.

The campaign is in full swing and opposition parties feel the Congress-I has an unfair sdvantage because its Government controls the TV and radio network which now covers the entire

The opposition claims news hulletins are being more seriously misused than during Mrs Gandhi'e emergency rule and hence the protest. Moves to make radio and television independent hava failed, as have efforts to make them a corporation on the pattern of BBC.

Government spokeeman claim that Mr Gandhi's speeches make news because he is the Prime Minister and the time allotted to him cannot be shared with the opposition.

## Iran 'plans to build nuclear plants'

MR Hussein Musavi, the was ready to co-operate with Iranian Prime Minister, has reportedly said Iran plans to huild nuclear reactors "for peaceful purposes" with tech-nological help from foreign powers, Reuters reports from

Nicosia.

The Islamic Republic News Agency, monitored in Nicosia, noted that Hans Blix, director general of the International Atomic Energy Agency, said the Vienna-based organisation

Iran to establish the reactors for peaceful purposes. He said that foreign countries had given "positive and promising responses" to requests for technological help.

He did not name the countries, but Mr Ali Akbar Hashemi Rafsanjani, the Parliamentary Speaker, secured Soviet co-operation on nuclear energy during his ground-breaking visit to Moscow last week.

According to Tebran's media, Iran has also signed agreements in recent months with Hungary and Bulgaria for a nnclear reactor, nuclear plant equipment and technical assistance

The Iranians desperately need to expand their power-generating capabilities, badly damaged in the eigth-year war with Iraq. They are also con-cerned about Iraq's ability to develop its nuclear capabilities.

## Election loss puts pressure on Malay PM By Wong Sulong in Kuala

A NARROW victory for an emerging Malay opposition arrone last weekend bas renewed pressure on Dr Mahsthir Mobamad, the Malaysian Prime Minister, to seek a compromise with his arch-rival, Tengku Razalelgh. The new Malay opposition, known as Angkatan Perpaduan Ummah (Apn) — United Islamic League — loosely links dissidents from Razaleigh's ruling United Malays National Organisation (Umno) with the

fundamentalist Party Islam and several smaller parties. In the Teluk Pasu by-election in Trenggann State. Apn suatched the seat from Umno with 3,671 votes and a major-ity of just 141. Despite the nar-row margin, the defeat is an omlnous warning for Dr

Mahathir. Unlike the four other by elections since Umno split two years ago – of which Umno won three – this was in an exclusively Malay-Moslem constituency in an oil-rich state.
The contest was the first test
for Apa, and the Party Islam's
influence in the area combined

with the organisational skills of Razaleigh's supporters to win the day.

It is now highly unlikely
that Dr Mahathir will call an
early general election after the
Commonwealth heads of gov-

ernment meeting in Knala Lumpur in October. He cannot risk losing a large number of Malay seats to Apn he would then have to rely on his noo-Malay coalltlon

partners. The Teluk Pasn defeat has increased pressure on Dr Blahathir to make yet another offer to Razaleigh, who lost narrowly to the Prime Minis-ter in the Umno party polls two years ago and who was excluded from Umno wheo Dr Mahathir reconstructed the

party last year. Dr Mahathir flew to Kelantan 10 doys ago for an aodi-eoce with the snltsn. The young ruler is Razalelgh's ncphew and a strong Mahathir

The sultan was reported to bave told the prime minister that the 900,000 Kelantanese regarded Razalelgh as their political leader and wanted bim lo play nn appropriate role in national government. O The Malaysian parliament yesterday (mon) passed a con-troversial bill taking away the power of the courts to review any government action over dctentions under the powerful internal security act and lis

drug laws. The bill prohibits habeas corpus or any other legal action on detection.

Dr Mahatbir, who presented the bill said the Government, and not the courts, was the best judge of national security, adding that the Government bad alweys used its detention powers responsibly.

Lim Kit Siang, opposition leader, said the bill was "the most far reaching assault on human rights and the indepen-dence of the indiciary in Mal-

# Japan's ambassador to EC recalled

By lan Rodger in Tokyo

MR MUNEOKI DATE, Japan's ambassador to the European Community in Brussels, is returning to Tokyo after little more than two years in his

Japanese Foreign Ministry officials said yesterday tha recall was not early and denied

it was related to a scandal last autumn when it emerged that

By Yuriko Mita in Tokyo

sive, according to a Ministry of

Labour survey. It was the big-

gest year on year gain in seven

Adjusted for the rise in con-

sumer prices in the past year, the average increase was 4.4 per cent, the highest in 14

However, the rise is likely to

be wiped out by inflation this year, which will be exceptionally strong because of the introduction of a 3 per cent consumption tax last April.

Employees in the wholesale

A 13-YEAR tax-free holiday for

new companies producing for the export market is Fijl's lat-

est attempt to get its economy on the road to recovery follow-ing the crippling effects of the recession which followed the two military coups in 1987.

Fiji has been virtually on its

knees since the military take-

over, and the ousting of the short-lived democratically elected government of Dr Tim-

ocl Bavandra. The tourist industry, which

along with sugar, represented the most important source of

foreign exchange and employ-meot, collapsed overnight.

Opposition to Col Rabuka, the self-imposed military head

of state, prompted industrial

action by indian sugar cane

farmers - some actually

- which hit the island coun-

try's main export crop. Business and manufacturing

declined sharply as bundreds of skilled Indians fled the coun-

try. Last year the Fijl dollar was devalued by 30 per cent.

returned to civilian but une-lected rule beaded by Ratu Sir

Kamisese Mara, a former prime

minister, an intensive govern-ment-backed drive to attract

new industry to Fiji was launched. This included what

is erroneously described as a "tax free" zone but which does

offer considerable taxation

benefits. This caught the atten-

tion of some manufacturers

and businessmen in other

countries, particularly in Australia and New Zealand.

Import duty on machinery was scrapped allowing new companies to bring in their

machines to set up production lines in Fijl. Almost 100 new

manufacturing companies have

When government was

burned the crop in the fields

diplomats had been involved in a private investment fund operated in Switzerland.

The fund's existence came to

Mr Date and other Japanese

The rund's existence came to light when Mr Date and four other Foreign Ministry officials filed legal actions against a for-mer colleague, Mr Hideuki Wada, seeking the return of

per and printing with 6.07 per cent and services 5.91 per cent.

Steel mill and shipyard work-ers gained 2.61 per cent and

4.14 per cent respectively.
The ministry surveyed 290

companies listed on the first sections of the Tokyo and Osaka stock exchanges with at

• The dollar is expected to fall to about Y130 yen this

summer after investors com-plete portfolio adjustments and

correct excessive dollar buy-ing, a private research insti-

Fiji's uphill battle to bring

Dai Hayward on attempts to lure foreign investors

now started operations, enticed by the special tax concessions. In the first year of the spe-cial tax zone'a operation, exports earnad Fiji\$100m (US\$65m) in foreign exchange and earnings from manufac-tured exports are forecast to reach F\$240m by the end of this year.

this year.
Initially the major compa-

nies attracted to Fiji were in clothing, footwear and furni-

ture manufacture but other

food, are becoming established. Most companies have come from Australia and New Zea-

land with others from South

Korea, Malaysia, Hong Kong, China, the US, UK and West

Germany.
There has been some criti-

cism of the concessions given to foreign companies, mainly

by trade unions in Fiji, New

Zealand and Australia. They

have complained about what they see as the exploitation of cheap labour, particularly in

the clothing and garment

industries. Fijl's unskilled

labour, in particular, is cheap

compared with wage rates in

Australia or New Zealand.
Architect of the tax holiday scheme was Mr Navi Naisoro,

35-year-old economist who

became Secretary for Trade

and Industry early last year. He said Fiji was using the com-

bination of its own labour force

and other countries' machinery

and materials to develop lts

export industry.
The Fiji Government is con-

centrating on policies that will

create jobs, particularly for its large pool of unskilled work-

ers, rather than on raising rev-

enue for the Government. It

will not give any government

guarantees to new companies

sectors, including processe

about economic recovery

talised at Y2bn or more.

ast 1,000 employees and capi-

their funds. The other officials were punished at the time for breaking rules prohibiting pub-lic officials from engaging in commercial activi-ties, but Mr Date was not.

Mr Date, who is 61, might

have to wait some time before being given another posting, if

dollars partly in response to the dollar's extended fall over

The institute said Japan's

economy will remain robust, bolstered by consumer spend-

ing and capital investment,

with gross national product growing a real 5.0 per cent in

1989/90. The economy will also be free from inflation, with

consumer prices expected to rise 3.0 per cent in 1989/90 and

1.5 per cent in the first half of 1990/91, it said.

are required to provide at least

25 per cent equity to 75 per cent debt of the cost of setting

up in business. They can how-ever borrow on the domestic

finance market. New companies must incor-

porate in Fiji and several have found it is useful to have some

Fijian directors who under-

community was heavily repre-sented until the exodus after the military coup. The Fiji Law

Society recently reported it

had lost 110 of its 150 solicitors.

The medical association has seen 150 of its 280 doctors

depart while 150 of the 400 reg-

istered accountants have also

The public service lost more

than 20 per cent of its staff and

has been running a recruiting drive to raplace the Indian

Fijians who departed with Mel-anesian Fijians. Between May

1987 and early this year 9,500 ethnic indians and 1,000 membars of other races left the

country. For the first time in

many years the number of Mel-

those of Indian extraction.

n Fijians is greater than

the past several years.

Private sector pay rises 5.17%

JAPANESE private sector and retail industries recorded an average 5.17 per cent increase in wages in the annual spring wage offencing according to a Winistry of the sector and printing with 6.07 per the National Economy said investors had rushed to buy

exceptionally well."

It was the first time the government had conceded the pos-

Sudan has unveiled a record budget deficit and warned of possible unrest, Reuter reports

Mr Omar Nour al-Dayem, the Finance Minister, told parlia-ment that corruption and

per cent.

Speaking after protests against food shortages and a government announcement that it had foiled a coup plot

than the third in the clothing field, to markets in Australia, New Zealand, the VIS, Japan and Europe through varions preferential trade agreements which benefit Fiji. Although there is ample ethnic Fijlan labour svailable to run the machines and factories there is an acute shortage of professionals in Fijl because thousands bave joined tha brain drain following the milltary takeover. Particularly hard hit have been the legal, medical, accountancy and teaching pro-fessions in which the Indian

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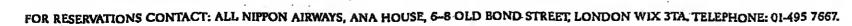
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#### **AMERICAN NEWS**

## WASHINGTON AND INDUSTRY REACT TO A SPATE OF OIL SPILLS US to seek international insurance for clean-ups

By Peter Riddell, US Editor, in Washington

THE Bush administration will press for international action to provide insurance against oil spills as well as US legisla-tion to assist clean-ups and the training of tanker crews.

The three new oil spills in US waters within 24 hours over the weekend have reinforced pressures for tighter regulation of oil tankers. Congressional committees have been considering a number of measures in the wake of the environmental disaster in Prince William Sound in Alaska created by the spill of nearly 11m gallons by the Exxon Valdez tanker three

months ago.

It yesterday appeared that the damage from the spill of heating oil in the fishing and tourist area outside Newport, Rhode Island, might be less than first feared, both because its size had been downgraded to 420,000 gallons and because much of the spill had evaporated in the hot sun. None the less, waters remain polluted. By contrast, the spill of 800,000 gallons of crude oil in the Delaware River between Philadelphia and Wilmington is proving difficult to clear up because it is thicker, though less toxic, than at Rhode

By James Buchan in New York

PRIDAY'S unprecedented cluster of tanker accidents,

which caused at least 15m gal-lons of oil to spill into the sea and inland waterways, has

confounded for the moment an

ambitious oil industry campaign to recepture the initia-tive over pollution from its

The three spills have cast a cold shadow over a far-reaching \$250m industry plan to prevent such accidents and fight them when they occur. The plan, announced by industry executives on June 14, was executive designed to forestall

partly designed to forestall new legislation in the wake of the catastrophic wreck of an

Exxon tanker off Alaska in

"This is very, very unfortu-nate," said an industry spokes, man yesterday. "It's quite obvi-ous these three new spills will

The third spill, of 250,000 gal-know how much we can get out of it. The insurance is only lons of crude oil into Galveston Bay south of Houston in Texas, has had little impact most was in a ship channel, where it was easily contained.

Both federal and state authorities have moved quickly and on a large scale to deal with the three spills, in contrast to the delays seen after the Exxon Valdez spill in

**Bush administration officials** in shirt sleeves have rushed from spill to spill – and from television interview to televi-sion interview – to demonstrate the vigour of their

Admiral Paul Yost, the Coast Guard Commander, yesterday urged legislation that provides funding for clean-ups and a study of the whole system pilotage, qualification of crews, drugs and alcohol, as well as vessel construction."

However, he noted that the vessels concerned were primarily foreign and needed to be regulated through international rather than domestic

Similarly, Mr Manuel Lujan, the Interior Secretary, noted that in Rhode Island there was

#### Court allows broad use of US laws on racketeering

By Anatole Kaletsky in New York

IN A decision which could have crucial implications for the US government's insider the US government's insider trading case against Mr Michael Milken, the former Drexel Burnham Lambert junk bund dealer, the US Supreme Court yesterday upheld the broad use of the federal racketeering laws against white-collar financial eximes.

financial crimes.

The eagerly awaited decision, which was reached manimously by the nine-member Supreme Court, means Mr Milken and several other financiers charged in the Wall Street insider trading inquiry, could, if found guilty, facemuch more serious penalties than any meted out so far in insider trading inquiries.

The court held that although the Racketeer Influenced and

the Racketeer Influenced and Corrupt Organisations Act (Rico) was originally passed by Congress as a means to curb the activities of the Mails and other gangs of violent crimi-nals, there was no evidence that Congress intended to that Congress intended to restrict its use to such cases. The Rico law provides dracomian penalties, including long prison sentences, pre-trial freezing of assets and civil suits for triple damages, in cases where a systematic pattern of criminal activity can be nevered.

In the Milken case the Justice Department has used the Rico law to force Mr Milken to Rico law to force Mr Milken to post a bond worth \$600m (\$380m) and to confront him with the postbility of jail terms of 20 years or more.

In the case under consideration yesterday, the Northwestern Bell Telephone Company was sued by customers who said it systematically bribed regulatory officials to approve rate increases. The Supreme Court overruled lower court judgments which said Rico didnot apply to this kind of activity.

The court's verdict, as well as its unamounty, will almost certainly strengthen the hand of the US Attorney for Manhattan, Mr Benito Romano, who has been trying to strengthen his case against Mr Milken by persuading some of the lesser figures in the case to turn state's evidence against Mr Milken in exchange for the

dropping of Rico charges.

# Hawke urges US to join Pacific Rim link MR BOB HAWKE, Australia's to move swiftly on his proposal Prime Minister, yesterday which officials said would

Prime Minister, yesterday called on the US to participate in his Pacific Rim initiative for closer economic co-operation among East Asian countries. The Bush administration is expected to respond favoura-bly, but will shortly unveil its

own plans for a regional trade and economic partnership including Japan, Australia, and other capitalist countries. Mr Hawke and Mr Hiroshi Mitsuzuka, Japan's Foreign Minister, are both in Washington this week and US officials said their visits would offer the chance for detailed talks aimed at finding common ground on a future regional initiative. Mr Hawke stressed he wants

resemble a new consultative economic forum on the lines of economic forum on the lines of the Group of Seven meetings of the major industrialised coun-tries. "What we are proposing is not a trade bloc," he said in a speech to the National Press Club, "the whole thrust of our overseas trade policy is based on the need to work for the

success of an open, multi-lat-eral trading system."

Mr James Baker, US Secre-tary of State, was last night e to give a keynote speech to the Asia society in New York setting out the administration's views. Last week, a senior US official said Wash-ington would seek "an appropriate multi-lateral mecha-nism" to deal with trade, financial, technological and environmental issues for the

There are differences between the US and Australia on how broad the Pacific Rim initiative should be and the Anstralians are concerned that Mashington has been slow to respond. But they acknowledge that the US role in a new grouping is vital to counter the financial and economic power

US officials said the initiative is partly a response to the emergence of regional trade blocs in the world, notably the creation of a single European

market by 1992. But the warm US response reflects the need for America to manage better its relationship with Japan.
The Australians went to The Australians went to hold a meeting in November between the regional economic ministers to build on what Mr Hawke described as "an encouraging momentum."

During high-level talks vesterday. Mr Hawke made clear his emposition to the exposition

his opposition to the expert enhancement programma which the US has used to counter subsidiesd European Community agricultural products. Australia has found itself in the crossitiv of the escalating export subsidy war and our grain exports have been adversely affected."

# Canada rethinks defence position

David Owen on the cancellation of a submarine programme

AST month's Canadian AST month's Canadian budget was greeted with dismay by European shipbuilders and Canada's growing defence sector. It vetoed the proposed purchase of a fleet of muclear-propelled submarines and scythed C32.7hn (21.45hn) from projected defence spending over the five years to 1933-34. Detence expenditure as % of GDP ected detents spending over the five years to 1933-94. Parallels were drawn with the government of Prime Min-ister Pierre Tradeau, when military expenditure was relent-lessly run down to make way for other priorities. Forecasts were made that Canada's defence budget as a proportion of GDP would soon once again Sources : SPFG, 865

expenditure expected to decline.

The acrapping of the submarine programme also removes a glaring discrepancy in the country's defence policy.

This has traditionally (and pragmatically) been based on the principle of co-operation with allies: the burden of defending the world's accord.

fending the world's seco largest territory with the resources of inst 25m people would otherwise be insupportable. This tenet underscores the extent of US-Canadian chllaboration in securing the North American land mass against air attack and explains, by extension, Canada's gener-ally enthusiastic attachment to Nato and to United Nations

pescekeeping operations.
But the principle of co-opera-tion has been conspicuously absent from recent statements of Canadian policy towards defence of the Arctic. For the

last three years — since the US fee breaker Polar Sea traversed the Northwest passage without seeking Canadian permission the country has appeared bent on developing an indepen-dent capability in its frigid

northern sees.

The extravagant C35hn submarine acquisition programme, in tandem with plans—recently delayed—to build the world's largest ice-breaker, was the supreme expression of this desire.

The extreme difficulty of reconciling this stance with the fundamental premise of Canadian defence policy in other areas is apparent from the contradictory nature of

the contradictory nature of official pronouncements.

"Canada's population and resource base are not today and...could not become sufficient to defend, unsided, the second largest country in the world," the Conservative government's 1987 defence White Paper esserted. Yet, in a Paper esserted. Yet, in a defence update released the fol-lowing year, Mr Perrin Beatty, then Defence Minister, maintained: "If we are to be truly sovereign, we cannot contract out the defence of Canada to someone else."

By accepting the submarine programme, Canada has tacitly accepted that it cannot afford to defend the Arctic without assistance from its allies, even if its aspirations to sovereignty in the region are compromised as a result.

This does not mean the gov-erument has changed its mind

about giving priority to naval spending in its ongoing defence plans. The first of 12 new frigates, intended to replace most of the country's ageing of 22 destroyers, should enter service next year. Meanwhile, the navy has been saled as a matter of ungency to submit revised nuclear-propelled submarine-free plans. "We will continue with a three-ocean policy fatlantic, Parific, Aroticl, but not with a three-ocean navy," says one insider.

navy," says one insider.

If the axing of the submarine programme implies a renewed preparedness to work within a Nato framework close to home. another important budget declsion has been seen as signal-ling a reluctance to maintain

This was the move to reduce in size and delay by two years a C\$2.5bn project to buy new tanks for deployment in West Germany. Canadian troops are

Germany. Canadian troops are currently equipped with Laopard I vehicles, whose armour is no longer adequate to ward off east-bloc abelifire.

The delay is seen by critical as a sign that Canada is shifting its defence policy ever more resolutally housewards. Others, however, regard it as product in the light of the conventional arms reduction talks taking place in Vienna. ventional areas reconstant cause taking place in Vienna. Officials, for their part, must that Canada's commitment to Europe remains unwavering "You won't find Canada among those Nato countries leading

the charge to get out of

#### **WORLD TRADE NEWS**

#### **EC** protest over Danish bridge contract

By Hilary Barnes

STOREBAELT, the Danish state-owned bridge construction company, yesterday signed a DKr3.15bn (2265m) bridge bridge building contract with an international consortium in the face of a protest from the European Commission. The contract is for a 6.6km

road-rail bridge across the west end of the Great Belt, which separates Sjaelland from Funen and the Jutland penin-The west bridge will link up

with a rall tunnel under the east side of the Belt, with com-pletion of the rall link due in The road link will be com-pleted by a bridge on the east side of the Belt, due for com-

and of the Bell, due for completion in 1996.

The west bridge contract was signed with the European Storebaelt group, which includes three Danish companies, Taylor Woodrow of the UK, Ballast Nedam of the Netherlands and Loringer of

Netherlands and Losinger of Switzerland.

The Commission on Friday asked the Danish government to postpone the signing of the contract on the grounds that the tender procedures might have contravened EC rules for public procurement, particu-larly by specifying that Danish labour should be used wher-

The reference to the use of Danish labour was omitted from the final contract by a last-minute change.

The eastern bridge project will be put out to tender in

#### **AEG** wins US order

AEC, the West German electrical and electronics sub-sidiary of Daimler-Benz, said the US Postal Service had (\$270m) worth of its automatic latter-handling equipment, writes Andrew Fisher in

The equipment will be delivered over the next four It will be built in the US under licence by ElectroCom Automation In April the US ordered letter-bandling systems worth DM330m.

exacerbate the mood in Con-Meanwhile, the prompt and

Trouble on oiled waters

Meanwhile, the prompt and energetic response by the Coast Guard and local authorities in Newport — a summer resort that is the last bastion of old-fashioned American amateurism — seems bound to increase the sniping at Exxon for what is seen as a slow response to the Alaska oil spill.

Oil industry people pointed Oil industry people pointed out yesterday that the concatenation of accidents was unprecedented. Said Mr Richard Golob, an expert on oil spills in Cambridge, Massachusette "In all my 15 more of setts: "In all my 15 years of monitoring oil spills, there has never been a trio of major tanker accidents in a 12-hour period in US waters." Mr Golob, who edits Golob's Oil Pollution Bulletin, an industry newsletter, said there were as

many spills on Friday as in all of 1985. They also said that the accidents merely confirmed the need for the industry plan, which will man and equip five regional centres on the Atlan-tic, Pacific and Gulf of Mexico coasts to handle oil spills round the clock.
But there are growing fears

\$14m - not anywhere near the

amount of money that will be needed." He added that Con-gress was considering interna-tional insurance to take care of

Mr Lujan also argued that each spill, including Alaska, had been caused by human

error by a tanker captain, and there would be efforts to improve training.

which hit a reef off Newport, was Greek-owned and Rhode Island authorities are examining whether any laws have been violated, as the captain failed to wait for a pilot. The tanker which ran aground in

Delaware Bay was Uruguayan-

The latest position in Alaska is that clearing up the damage may take five years and cost at least \$100m. Exxon has contributed \$15m for initial scientific studies, but is not legally obliged to finance the clear-up. The Alaskan spill has so far affected 728 miles of shortline, and conservation workers are

and conservation workers are reported to have counted the

carcasses of 25,700 migratory birds, 800 sea otters, 84 bald eagles and 20 harbour seals.

The tanker World Prodigy,

that the accidents will increase congressional pressure to cir-cumscribe offshore drilling and transport and even revive a 10year-old plan to oblige the industry to finance a large new fund to cover the cost of cleaning up spills.

"They developed that plan because these incidents imperilled their sphity to drill and

transport and gain port per-mits," Mr Golob said. "But I don't think there is anything

# India reluctant to swallow bitter pill of drugs patent reform

be among the lowest among Nato members. Such comments — to say the

Such comments - to say the least - paint an incomplete picture. True, a long list of acquisition projects will be delayed, scaled back or cancelled, ranging from the purchase of 800 light-armoured

vehicles to that of 18,000 army

radios. And the cancellation of

the submarine programme gives Mr Brian Mulroney's gov-

ernment, beset by an annual budget deficit of around \$30bn,

more room for manoeuvre in tailoring future plans to chang-ing world events.

None the less, defence spending for the four years from 1990-91 is still slated to rise at a

rate of 5 per cent a year, approximately the current rate

of inflation. Only in the present fiscal year — when actual spending will rise by just 1.2 per cent to C\$11.2m — is real

Cheap medicines are at the heart of an international dispute over intellectual property rights, Peter Montagnon reports

pace of liberalisation in conformity with our own development and a stable economy."

It is for similar reasons that India has also held out against

tion. The emotional introte sur-rounding the issue is akin to that associated in the UK with the National Health Service. India does believe in protect-

TWENTY years ago medicines in India were among the most expensive in the world. Today they are among the cheapest.

This simple fact lies at the heart of India's long reluctance to discuss better protection for intellectual property rights, something that has become an increasingly acrimonious issue in and out of India.

In the minds of many Indiams the cheap price of medicines is connected with their country's particular approach to patent regulation.

So sensitive is the matter that India's consent in the Uruguay Round of the General Agreement on Tariffs and Trade (Gatt) last April to discuss the need for new rules without prejudice to the end result was greeted in the country with newspaper headlines talking of cave-in and capitulation. The emotional furore surrounding the issue is akin to that associated in the UK with seven years rather than the more normal 14. The US argues that this has allowed Indian pharmaceutical

companies to save on research we should determine our own and development costs simply by copying foreign products and manufacturing them locally under a slightly differ-

ent process.

Overlaying India's political liberalising trade in services; worry on the patents score is a broader theme relating to suspicion of multinational compa-

Overlaying India's political worry is a suspicion of multinational companies

generally, which lends this issue

nies generally, which lends this issue a true North-South Mr Dinesh Singh, Commerce Mr Dinesh Singh, Commerce Minister, points out that it is still only 50 years since Indian independence. The country's industries are young and need to establish themselves at their

own pace.
"The general feeling is that

a true North-South dimension Yet in two years of Uruguay Round negotiations this line has softened as India has come to realise that it does have a stake in services trade, through, for example, its activities in software.

Intellectual property is a dif-ferent matter, not least because of the high level of public pre-occupation.

None the less the debate is not one sided. There are signs of a more conciliatory approach from businessmen approach from businessmen not involved in pharmaceuticals. They see tighter patent laws as part of the desirable process of opening up India to the international economy. One argument in this respect is that better patent protection would encourage foreign investment and technology transfer that India needs.

Mr Pai Pamandikar, secre-Mr Pal Pannandikar, secre-tary general of the Federation of Indian Chambers of Com-merce and Industry, says the patent issue has been misun-derstood by an emotional pub-

The number of drugs which would be affected by a change is small and few of them are those which are needed by the very poor. The international patents on most of these has expired already.

Other experts go further.
They say that it is India's system of price controls which keeps medicine prices low, not

Other Turkish companies making smaller parts for the missile are Kalekalip, Coskunoz and Barmek Holding.

the patent system.

Mr Pannandikar prescribes a gradual process of change which would incorporate a which would meorporate a tightening up of the patent law under conditions which would ensure opportunities for Indian concerns as well as foreign ones and that drug prices-would remain reasonable for the consumer.

the consumer.
Getting to this point will take some tough political batfles, however, especially since the pharmaceutical companies remain adamantly opposed to

One hope of would-be corners is that the Indian public will gradually become aware of the exclusive profits generated by the present system for Indian companies at the expense of job creation which would stem from technology transfer. This would help swing debate in a more liberal direction.

The time for such a swing has not yet come, however, and Indian officials remain at pains to stress that their Gett

agreement to discuss the mat-ter did not involve putting India's law on the negotiating table, but simply a readiness to open up a discussion in which India could put its own views across positively.

All that has happened is that India has agreed to discuss the

matter to see whether at the end of the day a package emerges that is "Gattable", says Mr Singh. A full consen-sus is needed in the Gatt for any change, he adds.

Moreover, the political diffi-culties facing any Indian administration that sought to change the regulations on patents are mirrored by the dif-ficulties facing Washington-over reform in textiles trade, which also forms part of the Unumay Roand

which also forms part of the Uruguay Round.
It is unfair, he says, that the US should insist on changing india's patent laws to suit its own interests when it continues for domestic political reasons to refuse to unwind the Multifibre Arrangement which governs trade in textiles.

# Turkey bites eagerly at the Stinger missile project

Ankara has taken the largest stake in the four-country programme, reports Jim Bodgener

Over by Mr Turgut
Ozal, Turkey's Prime
Minister, in Ankara last week
concluded the first of a series of sub-contracts that by mid-July will seal a DM1.7bn (£559m) project to make Stinger missiles in Europe. Appropriately so, because the Turks have the largest share a 40 per cent stake valued at DM700m - in the four-country

programme.
The programme's main contract was signed on April 25 between West Germany's Dornier, the project's lead sponsor, and West Germany's Office for Military Technology and Pro-curement. This was the realisation of 10 years of negotiations, including high-level memoranda of understanding between West Germany and the US and between the four countries in the programme, West Germany, Turkey, the Netherlands and Greece. Production will start in 1992 following commissioning and testing in 1991, with the vari-ous components and fuel made

in the four countries being

TEKSER INSAAT, the Turkish contractor, has been awarded a \$41.5m (226.6m) contract to build a health and recreation complex at Yalia in the Crimea in the Soviet Union. The project falls within the scope of a goods and services exchange by Turkey for imports of Soviet natural gas, writes Jim Bodgener in Ankara.

Tekser won the contract in a closely-fought competition with two other Turkish ventures, the MIE and DAY consortia. It will start construction in a month, for completion in two-and-a-half years. The complex comprises a five-star hotel together with a medical centre and a cultural and sports centre.

cultural and sports centre.

Payment will be in US dollars but Tekser said. at the weekend it had also been offered pay-ment in natural gas by the Turkish Treasury, which oversees the Soviet gas exchange

deal.

Turkey has been unable to take up its full complement of gas because receiving facilities have not been completed on time. The terms of the agreement provide for 6,000m cubic metres annually in the early 1890s.

Tekser says it is engaged in joint tendering with Soviet companies for a railway project between Libya and Tunisia and for an undisclosed \$600m project in the Middle East.

assembled at Dornier facilities in Friederichshafen and Nuremberg A total of 12,650 missiles will have been produced by 1998, to be supplied to the national defence forces of the participating countries. Setting up this project has been a complex task for Dor-nier. It took three years to apportion apportion manufacturing among participating countries, each of which had competing demands. However, according to Dornier sources, the share-out was finally settled amicably — even between Turkey and Graece. manufacturer, Aselsan, will make the missile's electronic

Dornfer had been impressed with the versatility of Turkish industry, Mr Jurgen Spintig, its Stinger programme direc-tor, said last week. Turkey had insisted on taking on the hybrid electronics and the rocket motors for the missile, both new territory for Turkish industry. Yet when called upon to do so, Turksy formally increased its share by the equivalent of about 1,000 missile rounds overnight. The Turkish electronics

near Ankara's international airport. It will be given the airport. It will be given the necessary know-how free by General Dynamics of the US, the Stinger's prime manufacturer, through an off-set arrangement involving Turkey's \$40n deal to manufacture F-16 jet fighters locally.

The second largest portion of the Turkish package, rocket fuel, will be made by a new

enterprise, Rocketsan, It will receive the technology from the US Stinger rocket maker Atlantic Research but through a direct contract paid for by the European programme assembly at a plant it has built the European programme.

The European production team will make the latest Reprogrammable Microproces-sor version of the missile. It sor version of the massile. It offers a much more rapid response to specific battlefield conditions than earlier models, the Stinger-Basic and Stinger-Post, which were developed from the Redeye system in the early 1970s. The version which has found fame through use by the Mujahideen in Afghanistan is the Stinger-Basic.

is the Stinger-Basic.

Eventually, the European group may develop its own extended Stinger applications for fixed-platform rather than hand-held carriage, like the West German army's chaser-tank Ponther and for sinth air tank, Panther, and for air-to-air deployment on helicopters such as the West German escort BSH-1 and anti-tank

How to finance the programme has inevitably proved one of the most taxing chal-lenges. The funds will come from each country's defence

budgets, requiring reconcilia-tion of the four European currencies and the US dollar in the allocation of work. The programme works with fixed price contracts, including escalation clauses permitting increases based upon official and published indices for the various inputs of labour and

various inputs of labour and material.

According to the memorandum of understanding between West Germany and the US, reached in April 1988, the European group cannot export to other Nato countries without US permission and needs specific permission to sell the weapon to non-Nato members — unlikely to be granted. Future co-operation, however, may be possible with Switzerland, just across Lake Constance from Friederichshafen, which has its own memorandum with the US to make 50 dum with the US to make 50 per cent of its Stingers in joint production with the US makwhich might participate, or buy the European group's pro-duction, include Denmark and

#### Hong Kong to pursue dumping duties battle

By Michael Marray

HONG KONG is to continue its fight against anti-dumping duties imposed on its exports of video cassette tapes, with a request from the Trade Department for talks with the Europeant for talks pean Community under the General Agreement on Tariffs and Trade.

The move follows a review of a EC decision which replaced per cent on tapes imported from Hong Kong with perma-nent duties of up to 21.9 per

Mr Stuart Harbinson, Deputy Director of Trade, said Hong Kong was dissatisfied with much of the EC investigation. He said that in Hong Kong's open trading environment, with no protected domestic market and no subsidies, conditions were not conductive to ditions were not conductve to exporters selling goods at

exporters selling goods and dumped prices.

Several other anti-dumping actions are pending against Hong Kong manufacturers, involving products such as small-screen colour televisions, audio tapes and photo albums.

# Second 24-hour national rail strike set to proceed

By Flona Thompson, Labour Staff

A SECOND 24-hour national rail strike is likely to go ahead tomorrow after a last minute attempt to halt it by two members of the National Union of Railweymen failed in the High

Kallweymen failed in the High Court yesterday.

The action was taken by two men from the Preston area.

They alleged that their union's strike ballot there was inade-quate under the 1984 Trade Union Act, because some peo-ple were not given the connector. ple were not given the opportu-

Mr Justice Schiemann refused to grant an injunction, on the grounds that the two Prestnn men had delayed bringing their case to court. The men decided against going to the Appeal Court yesterday hut reserved the right to appeal today.

The action was the latest in a series of legal attempts to halt and delay industrial ection in various industries this summer. Mr Tony Benn, the left wing Labour MP, said yesterday that unions might be

forced to break unjust laws. Mr Benn told a Socialist Movement meeting in Hull that the trade union movement was born out of illegality. He said: "It may be that its recov-ery now will require the same

Passed since 1979."
The two men were assisted in their action by the new Commissioner for the Rights of Trade Union Members, Mrs Gill Rowlands. This was the first case in which the Commissioner has hacked court action.

The Commissioner's office was established under the 1988
Employment Act to provide
public money for trade union
members to take action against
their unions for hreaches of
trade union legislation.
London Underground said
yesterday that it hoped to run
at least a partial service tomorrow despite the planned strike

row despite the planned strike. It said it believed there would be no unofficial strike by mem-bers of Aslef, the train drivers'

Aslef members form the majority of the underground's 2,500 drivers, and their previ-ous strikes have been unofficial. Although they have been balloting on taking industrial action, the result will not be announced until tomorrow. A decision on whether a 24-hour bus strike will also be called tomorrow in London will

be taken today by officials of the TGWU transport union fol-

deflance of the unjust laws lowing talks with London Regional Transport over a pay

> Delegates at the NUR's annual conference in Newcasthe npon-Tyne cheered when Mr Jimmy Knapp, general sec-retary, said that this third legal bid to outlaw the union's strike had failed.

Mr Knapp said he was confident the conditions of the bal-lot were correct, and what concerned him was the amount of time the union was spending in the courts.

He said the dispute was

spreading to other unions. Members of the EETPU electricians' uninn working in rail maintenance workshops had voted to join tomorrow's action and engineering unions were also balloting members. The NUR voted earlier this month for the series of 24 hour

strikes over BR's 7 per cent imposed pay award and the proposed of national bargainig. British Rail last week failed

in both the High Court and the Appeal Conrt to ge in an injunction halting the first of the 24 hour stoppages last Wednesday. Strikes are planned for tomorrow and next Wednesday, July 5.

#### Howe says he retains ambition to

By Philip Rawstorne

be premier

SIR Geoffrey Howe, the Fnreign Secretary, yesterday admitted that he would still like to be Prime Minister and declined to rule out the possi-bility that he might still get to

10 Downing Street.

In a television interview Sir Geoffrey was asked whether he accepted that he would never be Prime Minister.

He replied: "I do not think

He replied: "I do not think anyone ever accepts that. We all come into politics believing we have a field marshal's baton in our knapsack. If it turns out to be a four-star gen-eral for 10 years and not a field marshal, that's not bed." Was he not ruling it out?
"How can one?" Sir Geoffrey
said, pointing to the fact that
Mr James Callaghan, as
Labour Foreign Secretary, had
become Prime Minister after
Lord (then Mr Harold) Wil-

son's resignation and after he had given up bope of achieving the post.

"You cannot tell what happens," he said, "Wc have got a very cffective, very good Prime Minister. As far as I can see, she is likely to be there for the foreseeable future. So who knows what will hap-

# Housing market slowdown spreads north

By Andrew Taylor, Construction Correspondent

housing market is deepening with bargain hunters in parts of London and south-east England seeking price reductions of up to 20 per cent from

desperate house sellers, a survey of estate agents says today.
The survey by the Royal
Institution of Chartered Surveyors said the slowdown in the housing market had spread

as far north as Tyneside in north-east England.

More than half of the 154 English and Welsh estate agents questioned said prices had fallen in the three months

THE RECESSION in the to the end of May. This compares with a third of agents reporting price t'alls when a similar survey was conducted

The institution said uncer-tainty over interest nates and fears that house prices might fall even further meant there was little incentive for firsttime buyers to purchase

John G. Dean estate agents in south London said there was e new breed of bargain-t-unter whose first question was to ask how desperate were home own"They then proceed to offer anywhere between 10 per cent and 20 per cent below the asking price, hoping for one of their offers in be accepted."

said the agents.

Agents said house builders offering part-exchange deals were concerned about the mnunting stockpile of secondhand bomes on their books. Many huilders have been offering to buy existing homes from owners, freeing them to buy a

Another Gloucestershire estate agent said housebuilders were giving cash discounts of

Mr David Johnson, an agent in Leicestershire, said house prices had fallen by between 2 and 4 per cent last month. He said the recent rise in base rates, although not yet accompanied by mortgage rate increases, had further damaged the confidence of house pur-

But Mr David Baker of David Baker & Company in Penarth, south Glamorgan, said: "It is probably the best buyers' mar-ket for seven or eight years."

#### STC announces plans for | Actors lobby Parliament £10m N.Ireland centre

GLOBAL INTEGRATION THROUGH OVERSEAS INVESTMENT

By Our Belfast Correspondent

STANDARD Telephone and Cahles, the UK telecommunicatione group, yesterday announced plans for a £10m advanced engineering centre which will provide 200 highly skilled jobs over the next four years at its Northern Ireland factory.

Mr Tom King, Northern

Ireland Secretary, yesterdey announced details of the initiative, which will open next year. Northern Ireland is the only UK reginn taking part in a European Community telecom-munications initiative which will provide the province with onc of the world's most advanced communications and information infrastructures over the next five years. Fibre optic links are being developed between Ulster,

Britain and the Republic of Ireland and British Telecom Northern Ireland is incorporating the project into its own £100m programme over the

# to list remains of Rose

A CTORS and actresses y, esterday lobbted parliament in an attempt to persuade Mr Ni cholas Ridley, the Environ-me nt Secretary, to change his min id and list the remains of the Elizabethan Rose Theatre. in south London, as a national

mou ument. Da me Peggy Ashcroft, James Fox, Susan Hampshire and Richer d Briers were among the lohhyl sts who said revised plans c'rawn up by developers lmry Mercbant for the site, near So uthwark Bridge, whuld

still damage a large section of the theatre.

After a campaign of protests against plans to cover the site with its proposed development, Imry Merchant agreed to a design which would allow the remains to be open to public

Mr Simon Hughes, the Dem ocrat MP for Southwark and Bermondsey, said Southwark Council would decide at a committee meeting next Monday whether to defer planning per

**ADVERTISEMENT** 

## Union tries to allay dockers' strike fears

By Charles Leadbeater and Jimmy Burns

MR RON TODD, general secretary of the Transport and General Workers' Union, yes-terday sought to allay dockers' fears that the union's national leadership did not fully snp-port a national dock strike.

Mr Todd, in a rallying call to delegates at the union's biennial conference in Brighton, warned employers they would face a dispute "the like of which they have never had" if dockers were dismissed during

"Whether it is three months or six months, there will be no resolution of our dispute until

every sacked docker is rein-stated and an agreement is negotiated nationally," he said. Mr Nicholas Finney, director of the National Association of Pnrt Employers (Nape), described the speech as "irre-sponsible." He said that a lengthy strike would "dn

their families." However, Mr Todd's speech, which won a standing ovation, was aimed at dockers' delegates rather than the employ-ers. Some shop stewards have become increasingly frustrated with the leadership's painstak-

ing strategy to ensure the

AN OFFER to buy back from the Ministry of Defence more than 5,000 Bedford trucks cur-

rently in use with the British Army has been made by AWD-Bedford, the renamed Bedford

trucks business bought from General Motors by Yorkshire

entrepreneur Mr David J.B.

The offer, claimed to be worth 28m to the MoD - and

thus, indirectly, the taxpayer

forms part of AWD's tender
for a military truck contract

intense competition. A final decision is expected from the ministry within a few days. The contract is initially to

supply the British Army with 5,000 four-tonne, four-wheel-drive tracks and is worth

about £125m to the winner.
The armed forces operate

almost 70,000 four-wheel-drive trucks, however, all of which will eventually have to be

By John Griffiths

Brown in 1987.

AWD offers MoD

'buy back' option

union stays within the law. This has led to doubts that the

leadership was prepared to support a national strike. Mr Todd said; "We will keep faith with the dockers, we mean what we say, we are not mealy-monthed. As long as they take the decision to fight, the executive council will be with them."

Meanwhile, Highland Participants, which plans major expansion following the aboli-tion of the Duck Labour Scheme, indicated yesterday that it did not feel committed to having the TGWU as the union representing its work-

Mr Geoffrey Parker, the company's managing director, said he was "keeping his options open" as to which union would be selected for a single-union, no-strike agreement covering the company's future port

Mr Parker described the new terminal at the Isle of Grain as a site requiring skills which were "beyond the skills of a traditional docker." The terminal is due to start operations in December with 135 manual and clerical staff.

# From Strength to Strength

The past three years have witnessed an impressive turnaround at Hitachi Ltd., as the group has reorganised production and strategies worldwide. President Katsushige Mita explains.

By Brian Robins



Robins: Hitachi has recently announced a big lift in earnings for the latest financial year. What is the outlook for fiscal 1989?

Mita: The Japanese economy is doing very well and in fiscal 1989, which will end in March next year, we should be able to lift sales by five per cent, pre-tax profits by nine per cent and after-tax carnings by 13 per cent, according to our rough estimates. This is our present forecast and, by the time we actually report our figures for the full year, we should be able to

M&A Strategy Explained

The winner of the £125m contract would become the front runner for this business and substantial export orders from foreign armies could also be expected to follow.

The contract is deemed so important that the three finalists – AWD, Leyland DAF and Vnlvo – have taken the unusual step in this sector of developing trucks to the MnD's objectives?

recise specification. Mr Ron Hancock, managing Mita: The story of this acquidirector of AWD, said yester-day his company had also offered the MoD a "buy-back" deal at guaranteed prices on its Bedford ML 4 x 4 if its tender Mr Hancock said AWD would pay the MoD £1,500 above going auction prices for each used truck and refurbish

them at its Dunstable plant.
"We would then sell them on to foreign armies who would like to buy our new trucks but

do a little better than this.

Robins: Many Japanese comnanies have become more active in the field of M&A. Also, Hitachi completed its own acquisition in the US earlier this year. How does M&A fit in with your corporate

sition is as follows. In the US, a subsidiary of National Semiconductor, National Advanced Systems, is a distributor of our computer products. It wanted to sell this subsidiary to a third party, so we at Hitachi, together with EDS, the big software subsidiary of General Motors, decided to buy National Advanced Systems

jointly. This was not an acquisition for restructuring purposes, but rather to avoid control of one of our distributors being sold to another group. So, we decided to buy it to safeguard our sales route. In this case, if NAS was not for

> Robins: But what is the group's attitude to M&A as a means of expanding your operations?

sale, we would not have bought it.

Mita: It is not that the Hitachi group does not engage in M&A, but rather we do not like this activity very much. If we go into M&A, we must assume responsibility for all of the products of the company we would buy, even those sold in the past. We just do not have the confidence to do this.

Robins: The semiconductor market continues to be very buoyant, and an important contributor to earnings. Will this sector remain strong for the foreseeable future?

Mita: In the area of semiconductors, especially MOS chips, there is still a shortage, but not as severe as it used to be, since demand is still strong. One-megabit chips are selling well, and we are also beginning now to sell 4megabit chips, and sales here will rise in the latter part of the year, so overall, we are looking for contimued strong activity.

Robins: Yes, but for how much longer?

Mita: Before the launch of the IM-bit DRAM chip, there was heavy over-investment in the 256-k DRAM and the price plunged. The entire industry faced difficulties. That was three years ago. So the industry was more cautious in launching production of the 1Mbit DRAM chips and it avoided getting burnt for a second time.

Semiconductor Strength Continues

The current situation in the semi-conductor industry is not as bad as was forecast last year, since the industry has already been through one phase of drastic overproduction. Rather, the industry is much more enthusiastic these days about investing in new technology.

Robins: What other areas of strength are there among your

Mita: The Japanese economy is in good shape now, because many companies are investing heavily in new equipment. The power sector has picked up, and is showing more growth than we

There are many buildings un-

der construction, so demand for new elevators, air-conditioning systems and the like is strong. Also, with the privatisation of the national railways here in Japan, there is a steady increase in demand for rolling stock, so that activity in this

field is buoyant also. Really, in all areas, apart from home appliances, things are looking good. In this latter sector, even with the recently introduced tax changes which have lowered the retail price, consumers are still cautious.

Robins: What changes have there been in your overseas strategy, and what is your thinking ahead of the economic integration

In 1992 we all face the "

major challenge of preparing

for the single European market.

As well as building a strong

market for our products, this

unification will increase the

challenge to our organisation

and provide new openings for

to see the total Hitachi or-

ganisation become a glob-

al operation—designing and

manufacturing where it sells,

using local components and

services and thereby creating

jobs in the local community. As

part of this operation, Hitachi

is expanding its overseas

research and development opera-

tions by establishing new R&D

bases in London, Cambridge

Hitachi is very much in

It is Hitachi's strong desire

our products.

and Dublin.

of the European community in

Mita: Our overseas production level will double over the next five years or so, and we are investing accordingly. There is a further, qualitative change underway as

Local Content to Rise

Until now, we bave basically been designing all of our products here in Japan, while carrying out production and assembly overseas. Now, we are looking at also moving the design function overseas. As we implement this change,

this will help lift local content lev-

favour of local staff taking on

managerial roles, and we hope

in the not too distant future

to see the day when Hitachi

Europe Ltd. will be under

the management of local

employees, with Tokyo acting

direction that we can expect to

become a respected member of

It is only by moving in this

in an advisory capacity.

the European community.

European Challenge

gevernments. Now, in regard to the EC, we already have semiconductor and VCR production facilities in West

els as well, which is sometimes a

pioint of pressure from foreign

Ger many, and in Wales, VCR and TV production. But the percentage of our European sales to the total is not large, around five per cent. Even so, we are studying starting work in Europ : in some areas, for example wafer processing for semicon-

ductor production. Basically, we are asking ourselves what technology we, as a group, bave which could be useful to our European operation: If we were exporting large volumes, then naturally we could justify shirting more production there. The problem is that we are

selling small volumes of a large

number of grods. So, mayby: the best approach is to establish a son of Hitachi Industrial Park, where we could undertake smaller volume production, and share the overheads, the administration, accounting functions and the like, so in this manner we could achieve economical production. We are still looking at this proposal.

Robins: R&D is the key to the group's long term future. What are the main points of emphasis?

Mita: First, we are emphasising the fields of electronics and computers, including software; and second the field of energy which, as Japan has no natural resources. is of vital interest to us. And third we are emphasising the field of new materials, where a breakthrough can have such a fundamental impact.

Take the area of superconductivity. If this can actually be achieved at ambient or room temperature, then the impact would be

Robins: What about fusion technology, which has been in the news lately?

Mita: With our natural orientation towards the field of energy, we have already spent a lot of money looking at this technology, and the recently published success in this field is impressive to our engineers. Naturally, we are still watching this development closely.

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# Wang poised to announce closure for City of Scottish plant

By James Buxton, Scottish Correst andent

WANG Laboratories, the US computer systems manufactories and use of the campus of turer which has been making heavy losses, is believed to be oo the pomt of announcing the

closure of its plant at Stirling in central Scotland.

The plant, which employs more than 250 people, was opened only in 1984. It is therefore that the production may thought that productioo may be transferred to a plant st

Limerick in Ireland.

Although the compacy refused to make any stateme at yesterday, Mr Michael Forsy th, the Scottish education minit there who is MP for Stirling, amfirmed that the plant was to close. He called the decision a "savage blow" for Stirlin g and
"savage blow" for Stirlin g and
a "cruel reward" for a b ighly
successful workforce. It was
angrily condemned by opposition politicians.
Weng made a protection

tion politicians.

Wang made a pretar loss of about \$55m in the thir ri quarter to March 31 1989, and for the full nine month previous loss \$49.6m. The comparate loss are attributed for a sharp decline in minical reputer sales as networks of workstations and personal computers increasingly replace this form of office datar processing.

The expect ad closure of the

Stirling University, is an em barrassment for the Govern-ny ent which sets considerable st ore on inward investment in s cotland. The plant bas received government grants both when it was set up and when it was recently expanded.

Company officials are under-stood to have been called in to explain the situation to governexplain the situation to govern-ment ministers.

A spokesman at the plant said that no statement would be made before today. It

appeared that staff were being informed individually of the company's decision. in 1987 the Government suf-fered considerable embarrassment when Caterpillar, the US tractor manufacturer, abruptly announced the closure of its plant near Glasgow, only weeks after obtaining state aid

to improve it.

The Government should be able to take some comfort from the fact that Wang's US competitors, such as Compaq and Apollo, are operating in Scotland, and that the fast-expanding workstation maker Sun Microsystems is shortly to Microsystems is sbortly to establish a plant in Scotland.

### Toyota considers Wales

By Kevir, Done, Motor Industry Correspondent

TOYOT A., yesterday confirmed that it was considering Shot-ton, it Clwyd, North Wales as a pot ential site for its planned European engine plant. The company, Japan's largest automotive group, is expected, to announce a final deci-

i i on next month. The company said that Shot-ton on Deeside – once an important steelmaking centre – was "included in a list of possible sites for consider-

ation."
The plant is likely to involve

and create more than 300 jobs. Two weeks ago Toyota described as "pure specula-tion" newspaper reports in Tokyo that it had already decided on a port location in

The UK has been the "lead candidate" to win the engine plant investment ever since Toyota announced two months ago that it intended to spend around £700m to build a 200,000 cars a year assembly plant at Burnaston, near Derby, in the East Midlands,

north Wales.

# Mitsui Co pays £135m offices

By Paul Cheeseright, Property Correspondent

TWO COMPANIES in the Mitsui group are paying about £135m for 20 Old Bailey, an office development still under construction in the City of London. This is one of the biggest property transactions in the City this year.

Purchase of the huilding, near the criminal courts, is further evidence of an interest by

ther evidence of an interest by Japanese groups in making long-term property invest-ments in central London. Their interest, allied to Scandinavian huying, has played a signifi-cant role in holding up City prices in the absence of buying interest from British institu-

The buyers are Mitsui and Co, the trading house and Mit-

Co, the trading house and Mit-sui Fudosan, one of the largest property investment and devel-coment companies in Japan.

The seller is P&O Develop-ments, part of the shipping, property and construction con-glomerate, for which 20 Old Bailey is its biggest property sale. P&O held an informal ten-der for the property, which has 200,000 square feet of office space.

Binder Hamlyn, accountants, will occupy all but two floors of the hullding when it is com-pleted at the end of the year. It arranged the pre-leasing at the end of 1988, showing the appe-tite of accountants for new accommodation – a trend continued by the recent decision of Deloitte Haskins & Sells, acconntants, to lease the 350,000 square feet develop-ment above Charing Cross station from Greycoat, the devel-

But 20 Old Bailey will provide Mitsul and Co with its first wholly owned home in the City despite a presence here for

a century.

Initially, the yield on 20 Old
Bailey will be 6 per cent, Mitsui Fudosan said. The property is just outside the central City area where yields on the best properties have generally been in the 5-5.5 per cent range.

# Research councils to win greater control of funds

BRITAIN'S research councils are to control more of the esti-mated £1.5bn a year spent by the Department of Education and Science on scientific

But organisation of the research councils, the channel hy which Government funds academic research, may change radically. At present, there are five main hodies.
These could be amalgamated following the recommendation of the Morris report, compiled for the Department of Education

Mr Kenneth Baker, Secretary of State for Education, foreshadowed the changes in his opening address to tha first plenary meeting of Academia Europaea in London yesterday, when he confirmed the Government's commitment to dual financial support of scientific

Dual support means that the Department of Education will

fund research both through the research councils (£316m this year) and through the Universitles Funding Council, for-merly the University Grants Committee (ahout £700m a

year).
Research councils will become responsible for the full cost of projects they sponsor, except for academic salaries and premises. This means a modest transfer of funds from the University Funding Council to the research councils. Mr cil to the research councils, Mr

Baker said. The change would also affect research sponsored at polytechnics and perhaps some of the work funded by charities at But Mr Baker said he

costs than he was proposing should ba carried hy his research councils.

The Government wants to know more precisely how

believed most charities already covered more of the research

much the University Funding Council is putting into scien-

The £700m is only an estimate because neither council nor individual universities spe-cifically distinguish research from their total spending, Mr

"That is unsatisfactory. Universities should know what they spend on research and what they spend on teaching." Unless they did, they could not allocate resources effi-ciently and effectively, he said. Nor could they account for the use to which they were putting

public money.

Mr Baker said that from the start of the 1990-91 academic year, the council would iden-tify research spending sepa-rately, both nationally and in each university's block grant. "I believe that in time this will improve the management of the resources we devote to research in the universities."

Mr Baker said that although he had turned down proposals which limited research to cer-tain universities, the University Funding Council was already funding projects on an increasingly selective basis. "Resources are channelled to

where the best and most needed work is being done. instead of spreading it evenly in line with student numbers." He forecast that not all universities would be able to sustain front rank research in all fields and some might, in time, become predominantly teach-ing universities.

But the Government looked to the scientific community for help in deciding which areas of research to pursue and where to put resources.

"The scientific expertise resides in the scientists themselves. The trick for government is to get the best out of them without imposing on

 David Thomas adds: Spending by UK universities on books has fallen hy almost a third in real terms since 1978-79, according to a new

The study of spending by university and polytechnic libraries on books and journals was released yesterday by the Publishers' Association, the trade association for the book

industry. Average spending on books per student in UK universities fell by 31.1 per cent in real terms between 1978-79 and 1986-87, the study found. Cuts of more than 50 per cent in real terms were made by 14 univer-

Big variations in book spending are also revealed. In 1986-87, Cambridge spent 1985-82 and the London Business School £93.10 per student on books; hy contrast, Reading spent £17 and Belfast £11.05.

# Retail property market cools but good sites still sought

By Christopher Parkes, Consumer Industries Editor

THE MOST bullish national shop chains have curtailed their expansion plans, and their expansion plans, and hoge premium payments demanded of new tenants in central London ontlets have evaporated following the drop in consumer spending, according to a market review published yesterday.

However, there is still no shortage of takers for good sites on main city shopping streets. Regional chains seek-

streets. Regional chains seek-ing wider markets, newcomers to retailing and specialists such as bookshops and greet-ings card companies, are help-ing to maintain demand, according to Mr Ian Kitchen of Clive Lewis and Partners, the London-based commercial sur-

The hype disappeared from the retail property market at the turn of the year, he said yesterday at the launch of the seventh Clive Lewis Midsummer Retail Report.

The very retailers setting

new rental levels in 1988 retrenched. Some of the fash-ion divisions of the Burton group and Sears had all but disappeared from the expan-sion market, tha report said. Even so, it was rare to find a

centrally located shop in a good size empty for long, said Mr Clive Lewis, the chairman. There was still a healthy market for the out-of-town ware-house-style of outlet, he added. Saturation of the market was a long way off.

Last year saw a further 9m sq ft of warehouse store space completed and trading, taking the national total above 50m sq ft. Some 23 new retail parks opened last year, and there will be 30 more in 1989, according to Mr Graham Chase, the company's warehouse specialist. However, the number of open-ings and the size of the parks will start to fall in 1990.

Rents on these properties rose by a record average of 14 per cent during 1988 - ranging

between 19 per cent in tha south east and 9 per cent in the north west – and growth will be similar this year, since most rents were set before the down-turn in spending. But growth would be less buoyant in developments completed in the next 12 to 18 months, said Mr Chase.

Retailers in central London were having a more difficult time than most, Mr Lewis said. Rent increases were not going to match those in provincial shopping centres, and in the prime sites, retailers could no longer expect new tenants to pay premiums or "key money"

of up to £400,000.

According to the report, there were indications that landlords would probably return to the practice of the early 1980s, when they tried to attract incoming tenants by paying them to the out leases.

• Midsummer Retail Report.

Free from Clive Lewis & Partners, 8/9 Stratton St, London WIX 5FD.

# The heat is on for ways

to keep cool By Nick Garnett

MANAGERS of Britain's small businesses have had enough of In the past week stocks of mobile refrigerated air conditioners have been virtually exhausted in the UK because of the recent bont of hot weather and what seems to be a change in buying habits.

"I have never seen anything like it," said Mr Lewis Cligman, sales manager at Westra which imports Italian-made

machines.

"They nearly needed an ambulance to take me home on Wednesday, We could not write orders fast enough and ran out of stock."

Toshiba of Japan, which claims to be the biggest supplier of mobile refrigerated air conditioners in the UK said it had no stock left in Britain and would be hard pushed to find any more equipment during the summer.

Acma, which hrings in machines made at its factory in Singapore, said yesterday that such a surge of buying would not have happened a few years ago, even with simi-

would not have happened a few years ago, even with similar high temperatures.

"More people now expect air conditioning and many small businesses want the benefits of it like those bigger companies that have full, installad

that those bigger companies that have full, installad systems of air conditioning," the company said.

Mobile refrigerated air conditioners — which blow cold air from the front and release hot air from a pipe discharging through a window — are purchased by offices, small companies, computer departments of larger companies and some private homes.

Almost all this equipment is made in Italy, Japan, other parts of the Far East and Spain.

The UK, which has a market for up to 10,000 mobiles a year on one estimate, has no substantial producer of this type of machine which costs between £450 and £800.

Most suppliers are struggling to locate alternative sources. Westra has located some in France Corrier which

sources. Westra has located some in France, Carrier, which brings in machines made by Delchi in Italy, diverted 100 machines in France to the UK earlier this month and is trying to locate more there, "At the moment we are absolutely bone dry of stock," said Mr Ian Lilley, a Carrier regional director.

Acma is one company that says it can get more equipment. It plans to bring in machines originally exported to France from its Singapore

plant.
"One of the main questions here is whether we air freight equipment in from Singapore," the company said.

# **New quality Sunday** newspaper to launch on September 17

By Raymond Snoddy

MR NICK SHOTT, chief MR NICK SHOTT, chief executive of The Sunday Correspondent, announced at the Financial Times publishing conference in London yesterday that the new quality Sunday paper would be launched on September 17.

"I am cartain of a market opportunity and that is tha quality Sunday sector," Mr Shott said.

There was a clear trend run-

There was a clear trend running in favour of quality dailies and if quality Sunday newspapers had done no more than keep pace with this they would now be selling a total of more than 750,000 croise than

more than 750,000 copies than they are now doing.

Market research showad a low level of satisfaction with the existing titles at the top end of the Sunday market.

The Sunday Times was seen

end of the Sunday market.

The Sunday Times was seen as being too pro-establishment and no longer objective or challenging. The Sunday Telegraph's existing readers were loyal but non-readers regarded it as anachronistic and reactionary and even regular readers of The Observer felt the paper had lost its way.

Mr Shott said there was "an overwhelming demand for a

overwhelming demand for a paper which is politically and financially independent."

Mr Brian MacArthur, execu-

tive editor of The Sunday Times conceded in answer to a question that he thought his question that he thought his paper would have done well if its circulation was down only 50,000 three months after the launch of the Correspondent.

June circulation of the paper has averaged 1.24m.

Mr MacArthur said that

Gronp, the leading independent publisher of free newspapers, said his group would be in the vanguard of a push into Europe by the frees.

The Yang chairman looked forward to the time when joint ventures between free newspapers around Europe would

50,000 three months after the launch of the Correspondent. June circulation of the paper has averaged 1.24m.

Mr MacArthur said that newspapers in search of further revenues and cost savings would reach out to Europe for extra circulation and advertising revenue experiment with ing revenue, experiment with direct delivery and develop reader clubs to sustain keep

loyalty.
The Sunday Times executive forecast that by the end of the

century all papers would be printed oo modern colour presses with inserting equip-ment and many regional editions. Electronic page make-up would he commonplace and journalists would seed pages

directly to printing plate.

Mr Ralph Ingersoll, chairman of Ingersoll Publications, which owns the Birmingham Post and Mail, attacked what he called the lack of co-ordinated effort by the regional press and advertising agencies to point out the benefits of well-planned investments in

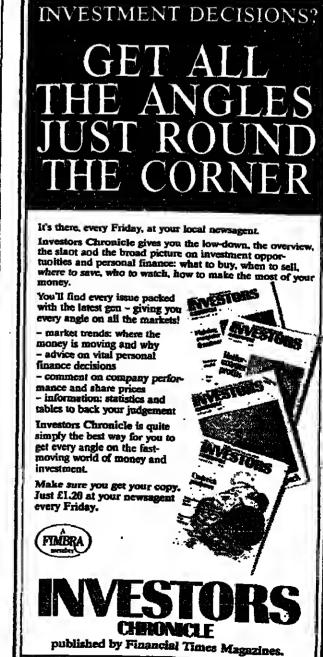
advertising.
Agencies were too concerned ahout showing their clients what tough negotiators they were on rates and had forgotten that their real purpose was to develop strategies to sell more of their clients' products. The client was the loser

when newspapers and agencies spent all their energy on the "charade" of fighting over notional discounts to the printed rate card. "If the accounts don't soon demand an end to the game, their new competitors will," said Mr Ingersoll who plans to launch a new paper in the US in September – the St Louis Sun in Missersoll Mr Ian Fletcher, chairman

and chief executive of the Yel-low Advertiser Newspaper

pers around Europe would allow the one-stop purchase of continent-wide advertising

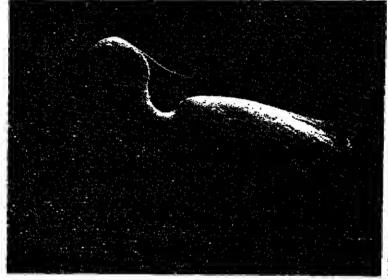
Mr Fletcher welcomed the rise of media broking – the practice of agencies and specialists huying media space in bulk and selling it on to advertisers at a mark up.



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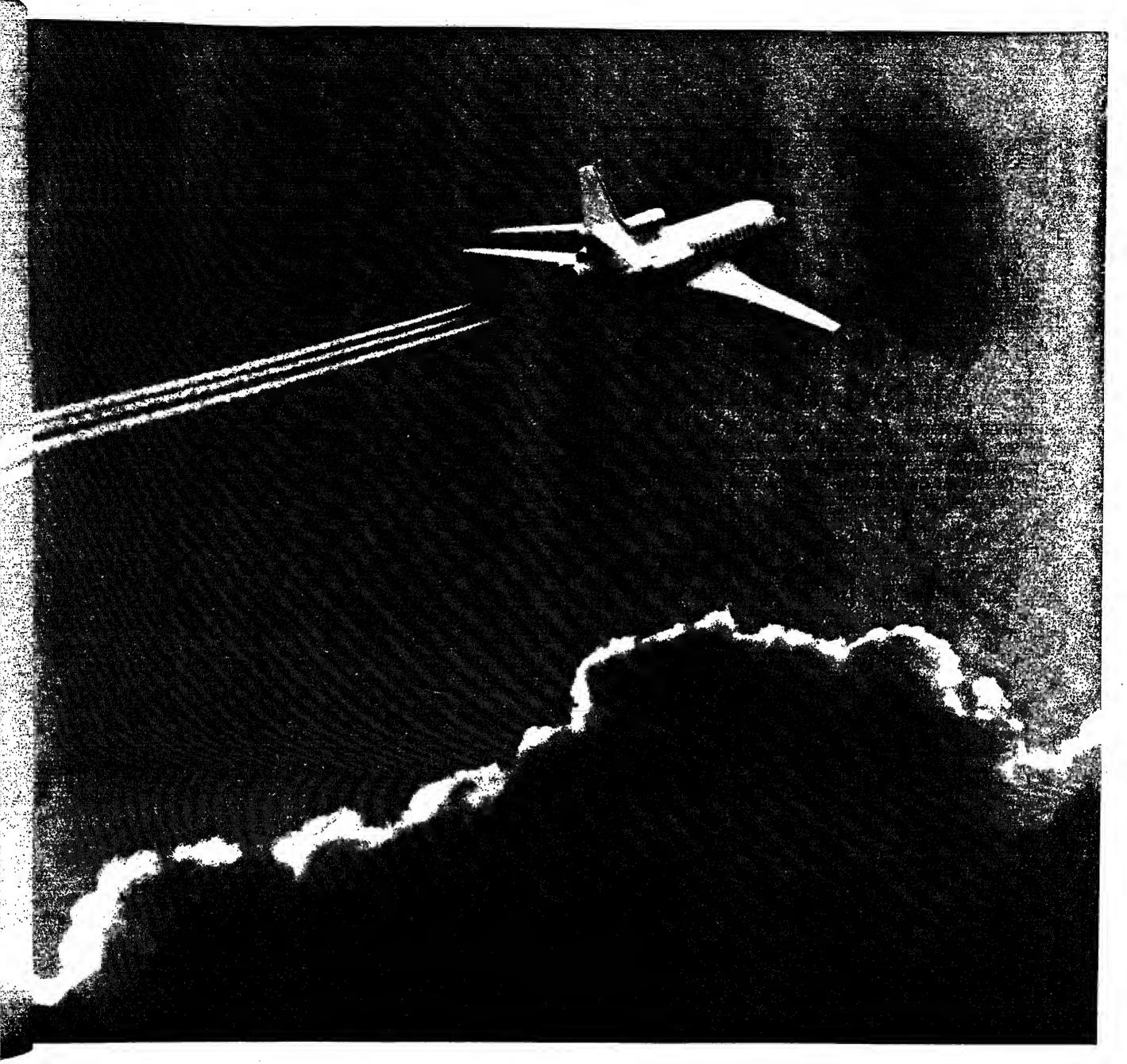
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#### FT LAW REPORTS

# Arbitrators can hear freight dispute

ORIENTAL MARITIME (PTE) incorporate the above with the usual three-month time limit, and that they had conly been appointed under the

BANGLADESH Queen's Bench Division (Commercial Court): Mr Justice Steyn: May 26 1989

A SUPERSESSION clause in a standard form of charterparty, which provides that on the which provides that on the signing of bills of lading the charter contract will cease and be replaced by the bill of lading contract, is only effective when the parties to both contracts are identical. And, also, where the parties are not the same in that the charter contract is between disponent tract is between disponent owners and subcharterers, whereas the bill of lading contract is between head owners and subcharterers as bill of lading holders, charter arbi-tration is not superseded by bill of lading arbitration and arbitrators appointed under the charter have jurisdiction to hear a charter dispute. Mr Justice Steyn so held when allowing an appeal by the claimant, Oriental Mari-time (pte) Ltd, from an arbitra-tors' decision that they had no jurisdiction to hear disputes arising out of two charterpar-ties between Oriental as disputes

vessels, and the charterer, the Bangladesh Ministry of Food. HIS LORDSHIP said that in July 1985 the Government of Bangladesh, acting through its Ministry of Food, bought three lots of wheat from Cargill Com-

ties between Oriental as dispo-nent owner of the chartered

modities Trading plc. The Government had to charter tonnage to carry the wheat from the US to Bangla-desh. It chartered Silvaplana to carry two lots. To carry the remainder it chartered nomi-nated vessels, Bahama Stars and Magic Sky.

The terms and conditions of

the two charterparties were the same, Both consisted of the printed Baltimore Form of Berth Grain Charterparty, with certain typed clauses. They were both subcharterparties. Oriental Maritime was the disponent owner under the charterparties, and the Govern-ment was the subcharterer of each vessel. It was also the bill of lading holder.

Clause 42 of the printed charterparty form was a superses-

sion clause.

It read: "It is mutually agreed that this contract shall be completed and superseded and superseded and superseded and superseded supersed supe by the signing of bills of lading which shall be deemed to

Clauses 49 of the typed clauses provided that 90 per cent freight was payabla within 10 clear working days of signing and releasing the bills of lading, and 10 per cent was to be paid on completion of discharge. When receiving freight payment the owners were to provide certain documents, including a discharge certifi-

Clause 35 of the printed form provided for London arbitration. The cargoes were loaded, carried and discharged, as contemplated by the charterpar-

Bills of lading were issued in respect of the cargoes. They provided: "Freight payable as per charterparty."

They also provided: "All terms, conditions and exceptions of the governing charter-party . . . shall be considered as embodied in this bill of lading. In the event of any conflict between this bill of lading and the chartsrparty, the latter shall control."

On the reverse side of each bill of lading it was provided, "arbitration clause of the Centrocon charterparty to apply. There were, therefore, two arbitration agreements which governed the charterparties and the bill of lading contracts separately, and which had to

be invoked separately.

Disputes over freight arose between the parties. Pursuant to the two charterparties, arbi-trators were appointed. No appointments were made under the bill of lading arbitration clauses. The two hearings took place at the same time and the arbitrators presented

The disponent owner's principal claim was for the 10 per cent halance of freight under clause 49. The charterer denied liability and put forward coun-

terclaims It pointed to clause 42 (the supersession clause) in each charter. It said that since bills of lading were issued in accor-dance with that clause, the charters were superseded by the bills of lading and the dis-ponent owner's claims lay under the bills, not under the charters.

That was accepted by the arbitrators. They said that for all material purposes the terms of the charter and bill of lading contracts were identical and the fact was that both the charters and the bills contained

Centrocon arbitration clauses

charters. They concluded that the disponent owner could not pursue its claims before them, as they had no jurisdiction over the bill of lading contracts (see the Jocelyne [1977] 2 Lloyd's Rep

That conclusion meant not only that the disponent owner could not recover the freight balances sought, but also that the charterer could not get its discharging port despatch.
On the present appeal the

principal point was whether the arbitrators erred in law in holding that the supersession clause in the charterparties relieved the charterer of the payment of the balance of freight. The question was whether, in the language of clause 42, the charterparties were "superseded" hy the bill of lading contract.

There was no real controversy about what "supersession" meant. It meant that rights and obligations under the charterparties were consen-sually terminated and replaced by rights and obligations under the bills of lading. And no point was made of the fact that such supersession took place simply on signing the bills of lading. It was agreed that the clause contemplated superses-sion of a charterparty by a bill

of lading cootract. It was also common ground that bills of lading were signed and, in form and content, conformed to clause 42 requirements. The debate centred on a different point.

The charterparties were made between disponent owner and subcharterer. On the other hand, the bills of lading were owners' bills of lading.

In other words, insofar as those bills of lading contained or evidenced contracts, the contracts were not between disponent owner and subchar-terer (the Government of Bangladesh), but between head or registered owners and the holder of the bills of lading (the Government of Bangladesh).

Against that contextual scene the short point of con-struction was whether, in the circumstances, the jurisdic act of supersession took place.
If it did, the arbitrators rightly concluded that they had no jurisdiction. If it did not, their decision was wrong.

In clause 42 the very concept

of a "supersession" of a con-

tract by conclusion of a further contract, clearly indicated, in the absence of other indication. that the contracts in question would be between the same

narties. The point made on behalf of the charterer was that that construction rendered clause 42 ineffective if the charter. party was a subcharter and the bills of lading were owners'

bills of lading. Clause 42 was a clause in a printed form. On its wording it did not in the circumstances of the present case achieve its underlying purpose. But it would be effective in other cases. That circumstance did not demand or justify any strained interpretation of clause 42.

A contrary construction inevitably resulted in the conclusion that the disponent owner, by agreement, should forfeit valuable rights which a carrier normally had against charterers, without receiving any other enforceable rights against the charterer in return.

Such a result was so unreasonable and uncommercial that, unless one was driven to it by the clearest language, it could not be entertained for a

The implausibility of a bargain involving the surrender of valuable enforceable legal rights in return for no enforceable legal rights but for an expectation that all would be well, was self evident.

Disponent owners could not, in law, compel headowners to collect freight due under a subcharter or bill of lading con-tract. If the charterer was right, after supersession the disponent owner would be left with no effective legal rights to freight

The language of clause 42, and the commercial reality that businessmen normally did not abandon enforceable legal right for mere speculative expectations, compellingly indicated that, on a proper con-struction of clause 42, there had been no supersession of the charterparty.

Accordingly, the arbitrators had jurisdiction to entertain the claims and cross claims. The appeal was allowed.

For the disponent owner, Angus Glennie (Zanvolla & Co). For the charterer: Steven Berry (Sayani & Boyles). Rachel Davies

Barrister

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# A valuable competitive tool

Charles Batchelor explains why it is a mistake for companies to regard the effort they invest in the look of their products as no more than an expensive cosmetic exercise

Tim May, chairman of the Design House, a London consultancy, is frank about how one of his clients viewed design. "They thought it was a tart-up job. They didn't think it was anything to do with their product. They were a classic Britisb engineering company, totally production-led."

The client, Harry Westropp, chairman of Rabone Chesterman, a 200 year-old manufacturer of spirit levels and measuring tages, puts it more diplomatically. We wanted to re-instate Rabone Chesterman as a brand. It once had the lion's share of its market but for a long time there had been no growth."

Rabone, the manufacturing arm of the publicly-quoted hand tool distributor Bardsey, was being squeezed between quality European and US toolmakers and cheap, unbranded imports from the Far East. With turnover of film and a workforce of 550 it was too large to retreat to a niche and too small to fight off the big

boys. Westropp's answer was to with a cooler, cleaner combina-tion of reds, whites and blacks. Customer research showed matic. Rabone's gross margins

most customers identified just with the name Rabone so, after much beart-searching, Westropp was persuaded to drop Chesterman from the packs. Obscure product names like Supalok and Permalok were relegated to small type and the Rabone name and symbol wer-egiven pride of place on pack-

Encouraged by the response from the trade, the designers went a stage further. They changed the colours of the tools to match the new image. Spirit levels - oucs yellow were made in grey plastic and the green liquid in the level chamber was changed to red.

"We were on a pretty tight budget and had no money to spend on tooling so we just changed the surface finishes." recalls May. The Design House team revamped one third of Rabone's range before handing over the rest of the job to the company's own two in-house

This freed May's team to begin the third stage of the design process — designing new ranges. It started with westropp's answer was to call for a revamp of Rabone's corporate image, largely, he thought, by improving its a belt clip, to the traditional packaging. May'a team responded by redesigning the corporate symbol of three trimeries and melacing the distributions and melacing the distributions. angles and replacing the dis-cordant muddle of oranges, yel-and allowing complex hand-aslows and bines of its packs sembly to be replaced by a

have risen by 5 per cent and profits have risen by 60 per cent in the past two years. The quality image of the new pack-aging alone reduced complaints about the product and returns to almost nil before any changes had been made to the products themselves; several leading stores started stocking more of Rabone's

westropp acknowledges that the impact of the design changes was far greater than he had envisaged but be backed the process all the way. "Westropp championed design in the company," says May. "His commitment was key."

Unfortunately for British

Unfortunately for British industry, too few growing com-panies have that champion who is prepared to take design seriously. Despite a high-pro-fils Downing Street design seminar held by Mrs Thatcher in 1982 and seven years of publicity the impact of design has

been patchy.

"The problem is the perception of design and the lack of understanding of what it means," says David Baker, head of the Design Council unit which manages the design element of the government's Enterprise Initiative. (The ini-tiative provides subsidised management consultancy to small and medium-sized companies in six important areas such as marketing, manufacturing systems and quality

projects to be carried out under the initiative so far, fewer than 2,500 - 13 per cent have been in the design field. The popularity of options such as quality and marketing has eclipsed design and meant that company owners faced with choosing a maximum of two of the options usually dis-pense with design. Even when managers have

been convinced of the impor-tance of design they tend to see it simply in terms of the visual appearance of their products. They do not realise the impact it can have on the manufacturing process, on the materials they use, their costs and their profits. The inroads that design has made in the fields of fash-ion, retailing and some parts of the "white" and "brown" goods industries have failed to be matched in large swathes of

British manufacturing.
"Oue hears a lot about design for aesthetic reasons." and to support marketing," saya Leu Brooks, managing director of P-E International, a large management consul-"But for products to remain competitive they must not only be designed for the market place but for ease of manufacturing."

Part of the reason for this is that the application of design to the fundamentals of the product is far more demanding than merely changing its exte-rior. Changing the basic prod-uct can mean investing in uring systems and quality rior. Changing the basic prod-nanagement.)

Of the 19,000 consultancy retooling and retraining time, it developed its own piece



Harry Westropp: trade response encouraged the designers to make further suggestions

employees.
On the plus side, however, the advantages of making fundamental design changes can be considerable. A manufacturer of compressors which redefined one of the product. redesigned one of its product ranges took out no less than 56 per cent of its production costs. A manufacturer of paper shredders designed out 25 per cent of his production costs, says Brooks.

"Companies which are being beaten by their competitors tend to concentrate on labour productivity or try to squeeze their margins," he comments. "They should look at the fun-damentals of the products

Trident Microsystems, a Redhill, Surrey-based distributor of electronics equipment,

of equipment Trident which smploys 14 people and has sales of £2m, used a consultant under the Design Initiative to design the casing for a machine which could read the production numbers printed on the silicon waters which go into integrated circuits

The design consultants recommended a plasticised metal casing with air vents which would be suitable for use in "clean room" conditions. Though their brief was simply to design the exterior to design the exterior casing their market research threw up the fact that customers wanted the machine to be operated by a track ball (which controls the novement of a cursor on a VDU screen), which was cleaner than a keyboard. This in turn had implications for

the software used.
These changes allowed Tri-

per machine or 5 per cent of its component costs, says Graham Grover, managing director. Grover, who admits his original impression of design con-sultancy was that it was "money for old rope," spent £3,000 on the project with the government matching this

Small firms usually have no experience of dealing with consultants and frequently find the experience trying. Grover says that Trident's managers did not always explain them-selves very well to the consultants. "Communications were strained at times," he says. You get too wrapped up in your own product."
Gareth Davies, managing director of DDA, a Hounslow,

West London-based manufac-turer of professional andio equipment, says it is difficult to strike a balance when briefing consultants. "Don't the them down so much that you inhibit their creativity but don't leave the brief too open or you will end up with a bill which leaves everyone's jaw on the table," he suggests.

DDA, which has sales of 23m.

and a workforce of 48, spent £12,000 on consultants to give a more professional, "Japanese" look to some of its equipment The consultants also suggested replacing wooden side panels and leather armrests of DDA's mixing consols with polyurethane foam mouldings and designed space under the con-sol to take trunking for the cables which litter recording

These improvements meant that overall DDA (part of Klark Teknik, a small Kidderminster, Worcestershire company) made no cost savings but it did have a better product. On future consols, however, it plans to replace aluminium extrusions

with cheaper plastics.
Rabone, Trident and DDA all introduced specialist design introduced specialist design skills which previously they had done without. Their businesses improved substantially but they might have made even more impressive gains if they had taken design into account from the start.

"Once a design is set you are

Once a design is set you are "Once a design is set you are locked in to about 70 per cent of your cost," says P.E interna-tional's Brooks. "Companies need to spend more time at the conceptual stage thinking about design."

"As a company grows it needs to think more strategically about design," comments Alvin Wiggins, head of design at PERA, a production technology group. But until more companies start to think seriously about design it will continue to be seen simply as a cosmetic process, a means of tarting up superficial appearances.

# EC's small firms policies receive legal backing

By Charles Batchelor

be European Community's small business policies have been put ou a firmer footing following decisions taken last week at a meeting of the EC's industrial

or a meeting of the BC's industrial council in Luxembourg.

The community appointed its first Commissioner for Smaller Businesses

Abel Matutes, a Spaniard — in 1986. Matutes, in turn, set up a small firms task force, headed by an Englishman, Alan Mayhew, but until last week the community's small firms policies had lacked a legal framework. Matutes was succeeded by a Portuguese commissioner earlier

this year but it is perhaps appropri-ate that the recent strengthening of smaller firms policy has come under Spain's six-month presidency of the EC Council Spain has an active family firms sector, and is keen to back

"Up to now we have had the support of the member states for our smaller firms policy by vague resolution but now we have a legal basis," says Mayhew, whose task force ear-lier this year was transformed into the directorate general for enterprise

The practical result of small firms

policy obtaining legal sanction should show up in budget negotia-tions, says Mayhew. "Up to now, when we have gone into negotiations with the budget committee, they have said: 'But you have no legal basis',"

Then there has been an enormous amount of nerve-wracking and time-consuming discussion between ourselves and the Council and the European Parliament. We have put proposals to the Council; the Council has cut our budget; and Parliament has re-instated it. That should now be a thing of the past."

Although the community's budget will continue to be decided on an annual basis the enterprise director-ate has, in principle, been allocated Ecu 185m (1921m) for the next four years. Of this Ecu 25m will be held in reserve, at British insistence, until it is shown that the first Ecu 110m has been properly spent. But the alloca-tion of funds in principle should make the annual negotiations easier. It also represents an increase on pre-vious funding approved for smaller companies - Ecu 17m in 1989. Elsewhere, EC efforts to help smaller firms will receive a further

boost with a decision by community member states to expand the number of EC information centres, ur gui-chets, to 186 from the present total of 39. The guichets, which are based in existing organisations such as chambers of commerce, give guidance on EC programmes of assistance for the

smaller firm.
Finally, the EC Council has recommended that greater efforts be made to reduce the burden of red tape on business in the community. The aim is to create national organisations

#### In brief...

■ Books signposting the way to advice and financial help for business are becoming almost as numerous as the sources of assistance themselves. The wealth of schemes and organisations available to help the growing business makes some sort of guidebook indispensable, however, and two new books have recently been pub-

Growing your Business: Sources of Advice and Finan-cial Assistance covers both

port, aid tied to location, export help and technology and information assistance.

Anailable from CBI Publica-tions Sales, Centre Point, 103 New Oxford Street, London WC1A 1DU, Price £10 CBI mem-bers, £15 to others. 118 pages. ■ National Westminster Bank has updated its Official Sources of Finance and Assistance for Industry. One feature of the book is details of small

business support from more than 500 local councils.

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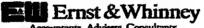
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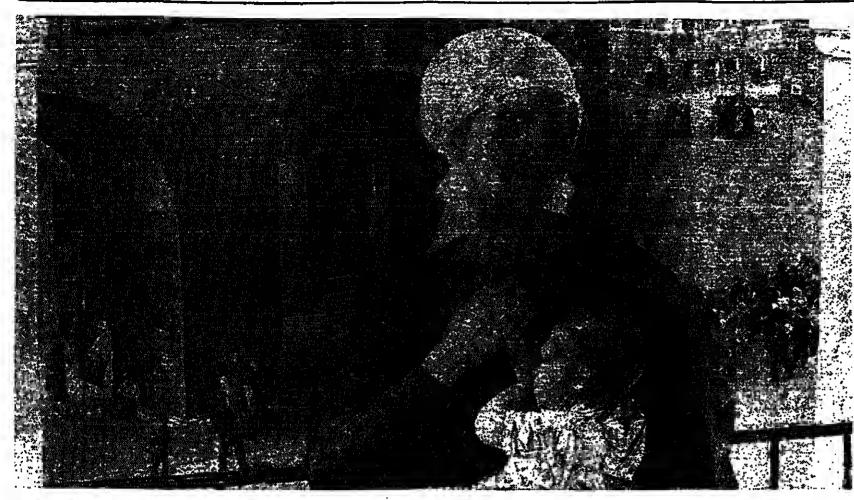
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"1918 in Petrograd" by Kutsma Petrov-Vodkin; oil on canvas, 1920

# Revolutionary before the Revolution

William Packer reviews an exhibition of Russian art in Turin

viat's Lingotto factory in Turin, huilt by Matte-Trucco in the early 1920s, was a revolution-ary building in its timewith its modular construction, its long assembly shops on five floors linked by ramps that led to the test track on the roof, in production until 1983, the factory is empty now and still spectacular.

First is restoring it to use as a Fair and Congress Centre and the first stage, Renzo Piano's conversion of the ground floor workshops into an exhibition hall, is now complete. Russian & Soviet Art 1870-1930, organised by Giovanni Carandente and drawn principally upon the major Russian museum collections, is the inaugural show (until October 20). Any serious study of the art held virtually incommunicado in Russia since the Revolution must be something of an adventure, but here the list seems safe enough. All the expected artists are well represented, from the accom-plished academic impressionism of Vasiliev, Serov and Repin to the austere, uncompromising suprematism of Mal-evich, black on white, of 1920.

In between come strong, simple por-traits by Bakst (1902/6); Benois painting the commedia dell'arte (1906); the richest of expressionist portraits by Jawlensky (1910); Chagall at his most disarmingly domestic (c.1917); and Kandinsky in his pomp, with the large "Composition VI" (1913), from the Hermitage, one of the greatest of his abstract improving the property of the second of the production of the greatest of his abstract improving the idea of landscape. sations upon the idea of landscape. Here are Larionov with his skies and trees (1904) and ragged, rayonist tufts of

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Clive Timms, Assistant Music

Director at Opera North since 1978, has been appointed head of Opera Studies at the Guild-hall School of Music and

Drama in succession to

Anthony Besch, who retires in

The Guildhall Opera school

is also creating the new post of Artistic Adviser, which will be taken up by David Lloyd-Jones.

A third new appointment is that of Christopher Scaman as principal guest conductor and artistic adviser to the conduct-

TU

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grass (1913); Goncharova with her futurist cyclist (1913); and Popova with authentic cubist figures (1915). Lissitsky, Tatlin, Gabo, Pevsner: all are here. And there is copious documentation of Russia's contribution to cinema, music, theatre, architecture, literature.

Thus the spate of exhibitions of mod-ern Russian art, that has been such a feature of Gorbachevian cultural diplomacy, continues unabated. The cup-boards have been opened, works so long hidden now dusted down and turned to the light. The realisation has dawned that there is a legitimate pride to be taken in what, for a brief moment, had led the world and - at least at first -had never sought to betray the Revolu-

had never sought to betray the Revolu-tion that suppressed it.

For a lifetime now true art has con-tinued in Russia, if discreetly and defensively, as the Russians themselves have tacitly admitted since reopening their pavilion in Venice for the Rien-nale of 1982. To assume that the only Russian art since Lenin's death has been a polemical and propagandist real-ism is a thoughtless mistake—and even a propagandist realism has, its inherent qualities and interest.

If the trickle has now become a flood,

there is clearly much more to come. Indeed, with every such show, and Linguito is no exception, there is an over-riding sense of what is still left out, even suppressed - a sense perhaps of a failure of critical nerve.

This is a very good and full show, that sensibly confines itself to a man-ageable period. But what it deals with

Nash Ensemble

ALMEIDA FESTIVAL

Tha Nash's Snnday contribution to the festival counted as the first of their

25th anniversary concerts, but

it was a relatively modest

affair - four hors d'oeuvres, in

effect, without a main course.

Though none was a première, three were having their first

London performances, so there was at least a spice of novelty; and Lionel Friend conducted

them (where necessary) with his usual alert sympathy.

Mark-Anthony Turnage's
"Beating about the Bush," a
Nash commission from three

Have

hand

your F.T.

delivered

best is a story already known: the academicism of the 1870s giving way to the influence of post-impressionism towards the end of the century; the cosmopolitan sophistication; and then the cosmopolitan sophistication; and then the astonishing avant-garde radicalism that led on to the development of constructivism and suprematism in the years before the Great War. If a veil had been drawn for too long at home over tha achievements of Kandinsky and Malevich, in the west they have been

What we need now is to be shown the truth in all its complexity: not just what was happening in an art that was revolutionary well before the Revolution, but also its shifts and ramificashort, but also its same and raminea-tions afterwards under successive Men-shevik, Bolahevik, Leninist and finally Stalinist pressures. In taking its period through to 1930, the Lingotto show asks the question and hints at an answer or two, but only hints, for its final sections are as cursory as those earlier are thor-

heros to generations of artists.

For there are some great painters here who are too little known to us as yet, represented by first-rate examples ore of what they did and know what became of them. Nathan Aliman's portrait, in an elegantly mannered cubism, of the poet Anna Akmatova, is the most rivet-ting single image of the entire show. It was painted in 1914, when he was 25.
Two minor paintings of his, from the
1920s, are also shown. He died in 1970.
There are two magnificent works of

1913 by Robert Falk, an expressionist village of "Old Rus" and a Cezannesque portrait of an old man, with two more from the early 1920s, including an extraordinary large still-life of a black bottle with red furniture. He died in 1959 at the arm of 72 1958, at the age of 72.

These are issues of individual development. That of socialist realism is inescapable, and a few works show how fascinating an issue it is. Kutsma Petrov-Vodkin first here with two wrestling symbolist youths, but the oddly metaphysical Madonna of "1918 in Petrograd" (1920) haunts the imagination, and his "Death of the Commissar" (1928) is but a good old-fashioned history painting — as it were a "Death of Nelson" in modern dress, and very good it is too. Some of our better war artists had been doing much the same all These are issues of individual develhad been doing much the same all along. Alexander Deineka's painting of the arrest of the White Russian General Staff (1933), hlatant propagauda as it is, is so strong in its imagery and clever in its painting that it leaves us curious to

At the entrance to the show sits a reconstruction of Tatlin's mamorial er to the 3rd Internations was never built, a symbol of all the fondest, brightest hopes of the Revolu-tion. It concludes with Brodsky's tight academic image of Lenin writing beside his table at Smolnyi. The contrast points the problem of failed hopes and wasted gifts. This important show is perhaps a step towards their redemp-tion.

ingenuity. In a not dissimilar vein, Simon Holt's Capriccio

Spettrale (now we need a Spec-tral Caprice from an Italian

composer) had a more strident

edge, very precisely controlled. The harmonies and shrill tim-

bres were cousin to those of Stravinsky's Histoire du soldat. Though the "spectral" sugges-

tions were offnand, Holt's bold horn and trumpet writing -

set against a pair of woodwinds and string sextet — had an ele-

gantly assured punch.

# Julius Caesar

LUDLOW FESTIVAL

The handsome set by Ray Lett against the Ludlow Castle wall does not represent ancient Rome or indeed anything much. It provides various stepped levels from which to speak, various openings for entry and exit, and this is the right kind of design for Michael Napier Brown's production, which has all the emotions of a game of chess. Some pieces are bigger, or more ornate, than others, but they are all at base carved wooden parts of a set, important or unimportant

according to current business.
This does not mean that such pieces must be free of per-sonalities; they are knights, or rooks, or pawns, as events demand. Gareth Armstrong's Cassius shows up most strongly; his actions depend clearly on his own feelings, his politics influenced only hy the persuasion of Robert Grange's

Brutus, his trusted friend.
Brutus, often the most
admired character in the play,
is here a rather hypocritical opposition figure, with his unfair argument about "lowliness is young ambition's ladder" - condemnation without evidence. The notorious quarrei lets them both display some measure of emotion, though not enough to get that tire-some Poet to come and interrupt them. Poets are hard done hy here; the moh swings the unhappy Cinna round the Forum on the end of a rope before dragging him off to

On the, as it were, Government benches, Mark Antony is played by Paul Jones as if he were consciously muting his emotions. His great speeches are spoken with conviction and an agreeable music, yet the feelings are not allowed to an agreeance music, yet the feelings are not allowed to exceed the political sense. (But I am prepared to bet that the word Shakespaare wanted emphasised in "Lend me your ears" is me.) Antony is another hypocrite, as seen from his treatment of Lepidus; pop fans who come to treat Paul Jones as a hero must be content with admiring him as an actor, as I do. Young Octavius (Timothy Watson) is the Head Boy at

Caesar himself (John Frank-lyn-Rohbins) is every inch a dictator (except to his wife Calpurnia). He dies hravely, knocking Casca head-over-heels before the rest of the conspiratore join the attack. He crawls pathetically on all fours, covered in blood, then summons his last reserve of energy to rise and face Brutus, as if for help. But Brutus gives him a fatal stab, and Caesar's "Et tu, Brute!" is a public protest rather than a personal

His subsequent return to warn of Philippi is rather effec-tively made in the shape of a cloud of steam, his voice a sin-ister distant call; and to match this effect, steam rises over the subsequent battles to show the old dictator's posthumous presence. The battles are ordinary Shakespearean battles, a handful on either side clattering swords on shields and so on. and the consequent suicides are presented with pitiahle clarity.

B.A. Young

## Casken and Harvey

UNION CHAPEL, ALMEIDA FESTIVAL

As a preinde to this week's world première of John Cas-ken'e opera Golem, the Almeida Festival offered Saturday's mainly-Casken pro-gramme at the Union Chapel. Casken, one of the most attractively individual and unclassif-iable voices in British contemporary music, is 40 next month; it is to be expected that the opera will bring together the strands of personality - a "Northern" sense of colour, a natural feeling for distinctive dramatic gesture, a etrong command of musical momentum - diversely exhibited on this occasion.

The large-scale unaccompanied choral work To fields we do not know, a "Northumbrian elegy" (1984), and the two-piano Salamandra (1988), different though they both may be the they chosen target of in their chosen terms of expression, share a rigour of thought and a steadily mount-ing intensity of feeling that snare the listener wnole, Salamandra, a further exploration

of the imagery of fire that has preoccupied Casken in earlier song cycles, elaborates a rich tracery of exotic figuration, glinting with post-Dehussyan tints and Roussel-like hartints and Roussel-like har-monic astringency, in a move towards central stasis and then final whirling hrilliance. There is a sweep of planistic mastery in the writing; the perfor-mance, by Andrew Ball and Julian Jacobson, showed it off to admiration. The choral piece (given a

reading of marvellous authority by the BBC Singers under Simon Joly) sets texts by Basil Bunting framing others by Bede and Anon. (the medieval poem "The Seafarer" in Pound's translation). The structure, a linked set of medi-tations on human mortality, also permits a vein of graphically picturesque nature-im-ages; and Casken, dividing his choral forces into many subsid-iary groups, pours out a stream of captivatingly picturesque sounds. Also in the programme

was Piper's Linn (1984), an instrument-and-tspe tspestry for the Northumbrian piper Richard Bntler, which creates a landscape of sound for the piper - a marriage of simplic-ity and sophistication expertly

Jodged.

Another Almeida "theme" has been the music of Jonathan Harvey, 50 this year. In the opening weekend Music Projects/London gave the British première of his Valley of Aosta (1989), a sustained hurst of post-Impressionistic coloursprays, rapid in movement and hrilliant in impact; on Saturday the BBC Singers gave us his Forms of Emptiness (1986), which confronts Sanskrit and e.e.cummings. Three choirs e.e.cummings. Three choirs (two in opposite npper gal-leries, one on the main plat-form) are cast into beautifully judged spatial relationships; the whole work vibrates with Harvey's special brand of spiri-

Max Loppert

# Feminist critique of opera

There is without doubt a niche beckoning for a full feminist critique of opera, as a valuable analytical tool to set alongside the Marxist and pyschoanalytic commentaries that continue to commentaries that comment to enrich our contemporary understanding of the art form, and in doing so for better or worse, fund many of the pro-duction etrategies we see on stage today. Catherine Clém-ent's study first appeared in France ten years ago and in Betsy Wing's translation it is now halled as the first feminist foray into the medium.

As a much-respected cultural historian Clément can hring to her subject an enviably wide range of reference. Opera, or the Undoing of Women is dedi-cated to Claude Lévi-Strauss, and alongside the Marxist ter-minology, and side swipes at other critical schools, parallels with anthropology are stressed throughout, so that, quite teas-ingly the hierarchy of the Paris Opera is compared with the ssured punch.

Social structure of an Amerindian village, and less convincingly a discussion of Turandot

June 23-29

OPERA, OR THE UNDOING OF WOMEN by Catherine Clément

Virago £16.95 (hardback) £7.50 (paperback)

is prefaced by an exe

gesis on menstruation myths

among the Cashinawa Indians. In small quantities this rich mix is stimulating, even when it seems mis-applied. Clément's up-front, button-holing literary style, doubtless even more effective in French than in English, does its best to engage the reader in the dialectic, and some of her energy writes as an unashamed enthu-siast for opera - certainly communicates. What exactly she communicates is more troubling. "I am going to talk about women and their oper-atic stories," says Clément, "I am going to commit the sacri-lege of listening to the words, reading the libretti, following the twisted tangled plots. . . I am determined to pay attention to the language, the forgotten part of opera." And in trawling through some 30 opera plots from Cosi fan tutte to Rosenkavalier she emerges with the not unexpected observation that women are portrayed as victims, to be domes-ticated or destroyed - it might have been more extraordinary had she come np with any other conclusion from an art form whose origins and func-tions were so deeply embedded in the social conventions of the

Analysis always choose the subjects that will yield the results they expect, which no doubt explains why Clément hardly mentions Figuro or Fidelio, and why her etudy

18th and 19th century.

steers clear of any modernist operas — the prologue to Berg's *Lulu* provides the starting point for a digression on Max Ophuls' Lola Montes, but there is no mention of Woz-zeck or Rake's Progress, Bluebeard's Castle or Lady Mac-beth. The music gets short shrift too, and the possibility that the way a text is set might just mitigate its effect, possibly even re-orientate the whole sense of the drama, seems beyond Clément's purview. Her assaults upon Butterfly and Don Giovanni, made without any reference to Puccini or Mozart's musical structures, are hopelessly partial, and only in Tristan und Isolde does she attempt to draw together the musical and dramatic threads. Her discussion of Wagner's chromaticism in the context of Isolde's sexuality is the most intriguing passage of the book. One wishes she had adopted a similar treatment elsewhere.

Otherwise one is left with some teasing one liners. "Inside Don Giovanni is hidden the fantasy of almost every man in love with opera." has a grain of truth in it, while her description of the Marschallin, "a brioche dipped a little too frequently in a cup of cocoa," is quite unforgettable, as is the tirade against the Callas indus-try - "leave this woman alone, whose job it was to wear grace fully your repressed homosex-ual fantasies." Such piercing asides and the crisp precision of many of her plot descriptions, demonstrate how much Clément has too offer, and how such a razor-sharp mind could be brought to bear on her subject. But burying it under so much verbiage for the purpose of proving a self-evident thesis seems such a terrible waste.

Andrew Clements

## setting of Eliot's "Marina" ech-

whereas the viola, basset horn and piano for David Mathews'

years ago, is a sexy monologue from Stephen Berkoff'a play Greek. His programma note failed to tell us whether he has recycled it in his more recent opera-of-the-play. The mezzo

Jean Rigby's warm account of it made little of the words, per-

haps through discretion; with its mellifluous little ensemble,

the general effect was more of insistent serenity than of throbs or thrills. A contempo-

#### **ARTS GUIDE**

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**FINANCIAL TIMES** 

London

Schaaf's very successful 1867
production, returns with substantially the original cast.

- Thomas Allen, Claudio Desderi, Marie McLaughlin, Curol
Vaness – and the original conductor, Bernard Haiffink, Final performances of *Der Rosenkoma-*tier, with Felicity Lott, Ann Mur-tay, Lillian Watson, and Kurt Moll.

Paris

Théitre des Champs Klysées. Stuttgart ballet: *The Toming* of the Shrew with Marcia Haydee and Richard Cragun to John Cranko's choreography (47203637). Théistre de la Ville. Pina Bausch and the Wuppertal Tanztheater

(42742277).
Grand Palais des Champs Elysées. Paris Opéra Ballet. Don Quinotte in Rudolf Nureyev's choreography after Marius Petipa, to Ludwig Minkus' music, also Saon Luke in Rudolf Nureyev's choreography in granted. Nursyev's choreography inspired by Marius Petipa and Lev Ivanov (48787500).

Bruseeis

Théfitre Royal de la Monnaie. The Monnaie Opera with Ugo Bepelli, Josanna Kozlowska and Marek Torzewski performs Moz-art's La Finta Giordiniera conducted by Sylvein Cambreling. (Tues).

Stantsoper. Die tote Stadt con-ducted by Heinrich Holbresier, with Karan Armstrong, Anna Gonda, Georg Tichy, Don Gioc-osmi conducted by Ivan Fischer, and sung by Edith Gruberova, Jerry Hadley, James Morris and and conducted by Ivan Fischer, and sung by Edith Gruberova, Jerry Hadley, James Mouris and Sona Ghazarian; Triston und Isolde is conducted by Peter Schneider, with cast including Gwyneth Jones, Marjana Liposek, Hartmut Welker. Ballet: Dornröschen. (S1444, ext. 3318). Volksoper. The week's performances include Kiss me Kate, Der Barbier von Seotha, Eine Nacht in Venedig, My Fair Lody. Don Glocomi and Tigland.

oed between-the-wars romanti-cism with innocent sincerity. The baritone Henry Herford made his music and words

In Colin Mathews' rapid-fire

scherzo for fifteen instruments Hidden Variables, there was surely an echo of Oliver Knus-

sen's brilliant "Coursing," but within a simpler idiom. It

made room for its own kinds of

surprise, from peremptory rat-tats on a wood-block to stretches of pop systems-music, and probably conceals much

alike scrupulously telling.

Testro Alla Scala, Rimsky-Korsa-kov's La Fiaba dello zar Saltan in Luca Rouconi's production, designed by the architect Gae Aulenti. The cast includes Lucia Mazzaria, Carlo Gaifa, conducted by Gennady Rozhdestvensky connects (809126).

Florence

Testro Romano. Francine Lance-lot's Ris et Danceries company peforming renaissance dances from the late 1700s, in co-produc-tion with the International Dance Biomedia of Lance (Permeter) Biennale of Lyons (2779236).

Anasterdam

Musiektheater. The School of American Ballet with Balan-chine's Serenade, Episodes and Symphony in C, and Bournon-ville's Life Guards of Amager (Mon), and Balanchine's Square Les Gentilhommes (Wed). The Vaganova Academy of Lenin-grad's Kirov Ballet in two Fokine Also last performance of *Dido* and *Aeneas* with a first-rate cast led by Glenys Linos, Valentin Jar, Elaine Woods and Sonia and Petipa programmes (Tue,

Berlin

Theater des Westens. Cosi fan tutte in Götz Friedrich's produc-tion features Angela Denning, Keith Lewis and Ute Walther. Bernstein's opera Candide has Donald George in the title role. Also Rigoletto, produced by Hans Neuenfels, and theballet Giselle.

Opera. Ariadne and Naxos is a guest performante from the Dres-den State Opera. The Joeffrey Ballet New York/Los Angeles appears with choreography by Paul Taylor, William Forsythe and Gerald Arpino. Also a Nijin-sky gele, and a homese to Jose sky gala, and a homage to Jose Limon with four ballets.

Opera. La Clemenza di Tito has Josef Protschka, brilliant in the title role and Die Zauberflöte with Eberhard Buechper, Dieter Schweikert and Elfie Hobarth. Lobengrin is well sung by Eber-hard Buechner, Manfred Schenk, Nadine Secunde and Eva Ran-

Frankfurt

Opera. Last performance of La Bohème with Gyoergyi Benza, Ka-ren Huffstodt, Keith Olsen and Ryan Schemayder. Cosi fon tutte is sung by Margaret Marshall, Mitsuko Shirat and Christopher done repertoire performance.

karan Armstrong, Toni Kraemer and Roland Bracht together. Also in repertory: Tosca and Offen-bach's rarely played Der Karot-

Stuttgart

**New York** New York Grand Opera. Vincent La Selva conducts a fully staged free park performance of Nabucco with Lee Roisum in the title role, with Pamela Kucenic as Abigaille and Stefan Szkafaas Abigaille and Stefan Szkafa-rowsky as Zaccaria (Thur). Cen-tral Park Bandshell at 73nd St. American Ballet Theatre, Swan Loke and La Sylphide highlight the last full week of the season of Swan Lake. Lincoln Center Opera House (362 6000).

Opera. Der fliegende Hollander has Wolfgang Probst repeating his much praised performance in the title role. La Cenerentola

has a strong cast led by Kathlee Kuhlmann, Carmen Mannoser, Helmut Berger-Tuna and Joern W. Wilsing. Die Frau ohne Schat ten brings Reinhild Runkel.

Tokyo

Theatre-Dance Project Tokyo-Berlin 1989. The Detective from China. Parco Space Part 3, Shi-buya (Tues, Wed, Thur) (477 5856).
Tokyo Globe Theatre, Rossini's Otello (sung in Japanese) (Thur) (360 1151).

#### Cimarosa at Buxton

around the work of the late 18th century Italian composer Domenico Cimarosa.

given rare performances: The Italian girl in London, his first success in 1778, and The Parisian Painter, written three years later. There is yet more Cimarosa, with his curtain-

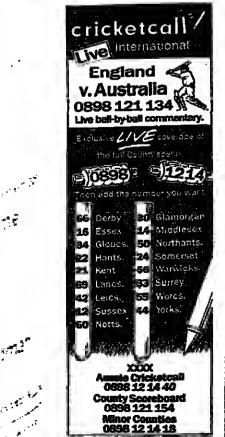
This year's Buxton Festival, raiser *The Music Master* being held in the spa town between performed for an audience of July 22 and August 13, is built children.

Among the singers at celebrity concerts are Margaret Two of his operas will he Price and Thomas Allen. The pianist Peter Donohoe will also appear. There will be a vague French Revolution theme to the attendant films, cabarets, talks and drama A.T.

Leipzig Opera conductor killed

Johannes Winklar, chief and had been chief conductor conductor and musical director in Leipzig since 1985. He made of the Leipzig Opera, has been killed in a car crash.

regular guest appearances in East Berlin, Dresden, Frank-Winkler was born in 1950 furt and Duesseldorf.



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#### FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL Telephone: 01-873 3000 Telex; 922186 Fax; 01-407 5700

Tuesday June 27 1989

# Peace moves in Africa

THE CEASEFIRE in Angola is the latest in a series of developments which are starting to change the face of southern Africa. The transition to inde-pendence in Namihia is in train: tentative efforta are underway to end the conflict in Mozambique; and the African National Congress is preparing for the possibility of constitu-tional negotiations in South Africa should Mr F. W. de Klerk, the President in waiting, release Mr Nelson Mandela. But big challenges lie ahead, not least in South Africa itself.

Behind the encouraging developments of the last few months lies the rapprochement between Washington and Moscow. In south-western Africa this has helped the US and the Soviet Union to bring the regions adversaries to the

conference table.
South Africa ceded Namibia's Independence and ended its military backing of the Unita rehels in Angola, in return for the phased withdrawal of over 50,000 Cuhan traces. Which support the troops which support the MPLA government in Luanda. The loss of their main backers forced Unita's Jonas Savimhi and President Jose Eduardo dos Santos to declare a ceasefire in the 14-year Angolan civil war.

However, some formidable hurdles must be cleared before peace is secured. Namibia's transition to independence elections in November could be disrupted by either of the main players. The incursion in April of over 1,000 guerrillas of Namihia's leading nationalist party, the Sonth West Africa People's Organisation, threat-ened to jeopardise the transi-

Disquieting reports

That threat was eventually resolved, but now concern has shifted. There are disquieting reports that koevoet, the noto-rious South African controlled counter-insurgency unit, is intimidating voters. Full and fair implementation of the settlement terms is an acid test for Pretoria. Disruption of the independence process in Namibia would erode the cautious good wishes offered to Mr de Klerk during his European

in Angola itself the peace

is arguably the easiest step in the process of reconciliation. It remains hard to conceive that Mr dos Santos and Mr Savimbi could work together in the coalition government that Angola desperately needs. It is equally hard to imagine Mr Savimbi going into exile. Yet serious as these difficul-

Yet serious as these difficulties are, there is one fundamental reason for optimism, aside from the influence that Washington and Moscow are jointly bringing to bear. The developments in south-western Africa are largely based on the included the statement of th implementation of a settlement plan, first outlined in a United Nations Security Council reso-lution in 1978. For the next decade it was exhaustively disdecade it was exhaustively dis-cussed. It was not intil May last year that the US, backed by the Soviet Union, initiated the first of a series of negotia-tions that ended with a signing ceremony in New York ten months later.

New generation

This example of successful mediation is both salutary and instructive as hopes are raised about Sonth Africa itself. South Africa may have a long way to go before all parties sit at the same table. Mr de Klerk is seen as a representa-tive of a new generation of National Party politicians, determined to respond to new realities. But he continues to insist on "group rights," interpreted as a euphemism for the exercise of ultimate white authority — while the ANC'a hroad constitutional principles pave the way for majority rule. It may well be that black and white South Africans will have to compromise on a half-way house — a penultimate consti-tution, as some observers put it — which contains in-built mechanisms that will lead to a final constitution which cre-

So far there is little evidence that reappraisals in Pretoria and Lusaka have created suffiand Lusaka have created suffi-cient common ground.

The negotiating vacuum this leaves urgently needs to be fil-led, for it adds to the complica-tions surrounding Mr Mande-la's release. The sooner the South African Government, the ANC and other parties can agree on the broad parameters for talks, the sooner Mr Man-dela will be set free.

ates a fully democratic society.

# **Business links** to schools

ONE OF THE complaints most frequently made by husiness people in Britain is that educamany pupils, bored hy their last few years at school, quit the education system as soon as possible. Large numbers of school-leavers are barely able to write or carry out simple calculations. leaving them unqualified for anything but the most most a work.

the most menial work.

This complaint typically goes hand-in-hand with a second. Schools do next to nothing to prepare their pupils for the world of work. Where teachers bother to discuss husiness at all, they do so in a hostile and ignorant manner. If only schools paid closer atten-tion to the needs of husiness, then much of the present edu-cational malaise could he rooted out.

This second balf of the story, at least, no longer deserves much credence. For several years now, managers sounding off about the uniform hostility of schools to business have been displaying little more than their own ignorance. True, there are still plenty of

individual teachers with closed minds. But the general climate has never been more favoura-ble to industrialists and managers keen to become involved in education.

#### Practical initiatives

Scarcely a week goes hy without a government minister urging husiness to take more interest in schools. Such exhortatioo has heen underpinned by a host of practical initia-tives designed to hring closer contact. Some of these have flowed from central govern-ment, others from within the business world itself.

Thus, many more employers are now sitting on the governing opards of their local schools. Factory gates and office doors are being opened in ever greater numbers to pupils seeking work experience and even to their teachers on secondment. Job-guaranteeing compacts between husiness and schools are springing up throughout the country in

run-down urban areas.
All this is to the good. There might come s time when husiness involvement in education becomes too ohtrusive, particu-larly as the decline in the numher of young people forces employers to pay closer atten-tion to the source of their recruits. It would be a sad day, for instance, if industrialists were ever to have the domi-nant role in determining the curriculum: the present generation of managers does not have a privileged insight into the skills that will be needed by the next.

But the pendulum still has a long way to swing before we approach that stata of affairs. For the foreseeable future, both business and education will benefit from still closer

**Unwilling employers** But there's the rub. For now

that the roadblocks to business involvement in schools are being dismantled, it appears that many employers are less than willing to drive through. A survey conducted for the Confederation of Delicia Lebus Confederation of British Industry last year revealed that schools were considerably keener to initiate links with

companies than vice versa.

The CBI report bas led directly to the creation of a new body, the Foundation for Education Business Partnerships which is due to be unveiled by the Prince of Wales at a conference in London on husiness-education links tomorrow, its prime tasks will be to promote formal local partnerships between the two sides throughout the UK and to prod more companies into

contacts with schools. The point of the new organi-sation has evolved during the discussions preceding its cre-ation. The CBI had hoped it would result in greater coher-ence among the 20 hodies already existing to promote different types of business educa-tion links, a plethora which has led to some confusion

Vested interests appear to have prevented this rationalisation. But, at least for the moment, this may not be too regrettable. While the courtship between schools and employers is still at a relatively early stage, heavy handed direction from the centre might prove count-er-productive. The task for the new body is more to keep up the momentum than to prod it

in any particular direction.

hat and where is "cen-tral Europe"? To the post-war English ear it belongs in the past — in the novels of Anthony Hope; at latest in the pre-war Hitchcock comedy, The Lady Vanishes, or Tintin's adventure with le sceptre d'Ottokar; a land where the Orient Express stops in the middle of the night at frontier stations with unapprocessive names. tions with unpronounceable names; where men in Homburg hats and where men in Homburg hats and astrakhan collars carry on political intrigue amid spectacular mountain scenery, their voices conveniently covered by gypsy music. I can also remember hearing "people from central Europe" used as a eunhemism by someone trying to get eway with an

anti-Semitic remark.

The first time I heard anyone claim to be central European it was the Czechs in 1968. Significantly, they did so to distance themselves from east-

so to distance themselves from east-ern Europe: "No, no. we're in central Europe, like Switzerland." I then noticed that, on the map, Prague is, indeed, a long way west of Vienna. Now, in the late 1980s, "central Europe" has become fashionable, while "eastern Europe" is rapidly dis-appearing, rather as "negroes" were suddenly replaced by "blacks" in polite conversation about 20 years go. Eastern Europe is that benighted polite conversation about 20 years go. Eastern Europe is that benighted region which, supposedly. Churchill and Roosevelt signed away into Stalin's clutches at the Yalta conference. Now, courtesy of Mikhail Gorbachev. Yalta is consigned to the dust-bin. Goodbye miserable, grey, eastern Europe, you who weighed so uneasily on our western consciences. Hail, reborn central Europe, land of congenial, talkative intellectuals, you who are so flatteringly eager to join our liberal, pluralist, market-driven western society.

ern society.

Digging down a hit further into the collective subconscious, one finds that most of the images associated with the phrase "central Europe" are drawn, however loosely, from coun-tries that were once part of the Habs-hurg empire. That includes Czechoslohurg empire. That includes Czechoslovakia and also Hungary. So it is not surprising to find that the current vogue for "central Europe" was started about five years ago, simultaneously, hnt it seems independently, by the exiled Czech writer, Milan Kundera, and the Hungarian political theorist, Gyorgy Konrad. It is slightly more surprising to find that it has been taken up by the Poles.

"The Polish People's Republic is situated in central Europe," according to an official brochure issued to me when I went there as a guest of the

an official brochure issued to me when I went there as a guest of the Government last year. This clearly was not meant as anything more than a geographical statement, unless perhaps it carries a quiet reminder that "eastern Europe" proper lies to the east of present day Poland, entirely within the territory of the Soviet Union. But much more was involved in the International Seminar on "Cen-

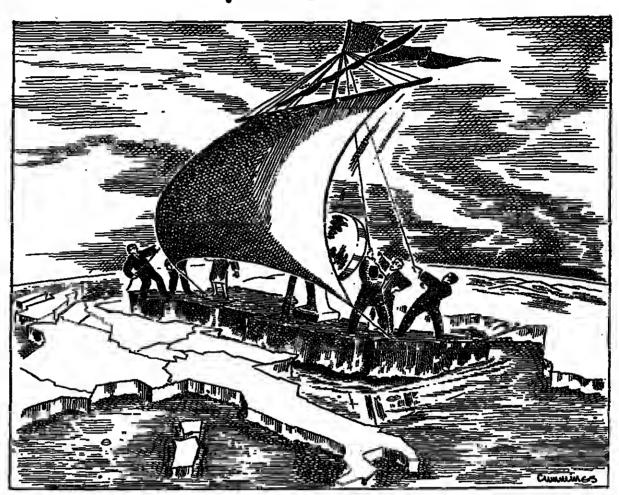
Now, courtesy of Mikhail Gorbachev, Yalta is consigned to the dustbin.

tral Europe - Illusion or chance," which I have been attending.

It is no accident, as they used to say, that this gathering was held in Crystony control of College at the part of Poland which did belong to the Habsburg empire before 1918. Habsburg rule, at any rate in its later years, was less oppressive than that of Poland's other foreign masters, and Galicia is not wbolly exempt from the current vogue for pro-Habsburg nos-talgia. But it is not true, as one Wartalgia. But it is not true, as one war-saw wit suggested when I showed him my invitation, that the seminar was organised hy Galicians who had decided, after 70 years, that reunited Poland was a country incapable of governing itself and therefore not worth belonging to. FOREIGN AFFAIRS

# The rebirth of central Europe

By Edward Mortimer



No, the organisers were a group of fervent Polish patriots, based in War-saw as well as Cracow, and with close links to Solidarity. They represent the flower of Poland's Catholic intelligentower of Poland's Catholic intelligen-tsia, or at any rate its more elderly members, and several of them also helong to old aristocratic familles. One of the many ironies of the pres-ent Polish situation is that a move-ment which started as a working-class revolt and still likes to see itself as revolt and still likes to see itself as primarily a trade union movement, has propelled these people back into a political role. "They came to us because there was no one else," one of them told me. "You see, this country has never been given the chance to develop a proper bourgeoisie."

The lack of people with experience of autonomous leadership and organisation, whether economic or political, is indeed a recurrent theme in current Polish discourse, and partly explains the extreme nervousness with which

the country's new elite has reacted to its stunning election victory. Cer-tainly they are proud of it, but they are also terrified by the arousal of popular expectations which they do not feel able to fulfil. Politically these are symbolised by the telephone call which Professor Bronislaw Geremek, the newly elected parliamentary leader, received last week from an anonymous woman caller, evidently sincere even if deranged. She threat-ened to set herself alight outside his home if General Wojciech Jaruzelski were elected President without a serious challenge from Professor Gere-mek or another Solidarity candidate. The organisers of the Cracow semi-nar certainly did not foresee this situ-ation when they sent out the invita-tions. No one foresaw then that clections would come so soon or that the Communist regime would allow itself to suffer such humiliation at the voters' hands. What they did foresee was that, not only Poland, but neighbouring countries would experience great difficulties in managing the transition from totalitarianism to a free society, and they decided after free society, and they decided, after making contact with the Hungarian Democratic Forum, that "central Europe" was the right heading under which to discuss these problems. So the Hungarians fielded a strong team including Gwerse Konrad him.

team, including Gyorgy Konrad himself, and one of the amusing things about this gathering of devout anti-Communists was to see the Poles almost boasting, the fact that the Hungarian Communist Party clearly has a bit more life left in it than the Polish. I was able to cheer everybody np at breakfast on Sunday with the news, gleaned from the BBC World Service, of the reformers' victory in

the Hungarian central committee.
This news was greeted with special
enthusiasm by Dr Marina Pavlova-Silvanskaya, of the Soviet Institute of
Economics of the World Socialists System (known as the Bogomolov Institute after its outspoken Director, Oleg Bogomolov, who is on record as

saying that Hungary could perfectly well remain in the Warsaw pact under "bourgeois" government). She and her colleague Yevgeny Ambartsumov introduced an nnexpected note of pathos into the seminar, so anxious were they not to be left stranded on the eastern shore when the great cen-tral European ferry (as the Oxford). the eastern shore when the great cen-tral European ferry (as the Oxford-based commentator Timothy Garton Ash described it) set off on its west-ward voyage. The Poles and other self-styled central Europeans present clearly felt some sympathy for their personal predicament, but believed the forms of bast a backing craft the ferry, at best a leaking craft, would certainly sink if it had to take 200m of their Soviet compatriots on

Dr Ambartsumov's particular con-cern was that central Europeans should not make any reckless move (such as leaving the Warsaw Pact) which might be exploited by the conservative opponents of perestroika back home – though even then he claimed to believe that another Soviet military intervention on the 1956 or 1968 model was out of the question. Both Soviet speakers asserted that the Brezhnev doctrine (under which their country formerly claimed the right to intervene in other countries "in defence of the conquests of socialism") was dead. But neither could really explain why, if this is so, the Soviet Union continues to accord legitimacy to the regime in Prague, which is still quite flagrantly the

product of the invasion the doctrine

product of the invasion the doctrine was invented to justify.

Mr Antonin Liehm, a Czech exile from Paris, did have an explanation, though not a very cheering one. According to him an historical commission appointed by the Soviet Commission appointed that the 1968 invasion was "a mistake," but Mr Gorbachev has been deterred from publishing it by warnings from the Czech party leader. Mr Milos Jakes, that there will he "civil war" in Czechoslovakia if he does.

As things stand, the absence of a process in Czechoslovakia comparable to those in Poland and Hungary, and the consequent absence of an appropriate Czechoslovak delegation at gatherings like the one in Czacow, makes the notion of "central Europe" look, for the time being, sadly hollow. Another problem is the insistence of many West Germans on considering themselves part of central Europe (or Mitteleuropa, as their language has it). This may make sense geographi-

themselves part of central Europe (or Mitteleuropa, as their language has it). This may make sense geographically, but politically it does not. Poles, Czechs and Hungarians seeking to "Finlandise" themselves might find it "Finlandise" themselves might that it useful to co-opt Austria, their old master in the Habsburg empire but now conveniently small and neutral. But their fragile craft would as surely be overbalanced by the inclusion of the German federal republic as it would (in the other direction) by that of the Soviet Union.

would (in the other direction) by that of the Soviet Union.

That is not to say that West German interest in the project (whether or not it eventually includes East Germany) is not entirely legitimate and greatly to be encouraged, so long as it is that of a benevolent outsider. What must be hoped is that West Germany will take a leading part in getting the West as a whole and especially western Europe to take the idea seriously, because without western help it is very likely to fail. By "the idea" I do not mean necessarily some kind of not mean necessarily some kind of Central European Federation, but the

Central European Federation, but the successful passage of those countries we have hitharto thought of as east European to freedom and pluralism. Why, it may be asked, is that western Europe's husiness." There can be various answers, some of them very high-minded — such as that we who have lived in freedom and prosperity in the post Yalta world owe something to those who drew the short straw; or that, from the "civil societies" that are now emerging from the fire of Stalinism, we can learn something about the spiritual roots of European civilisation. While not dismissing those arguments, it has to be admitted that there are not many votes in them. A more down-to-earth argument is that if this process fails there will be (a) an economic catastroargument is that it this process thus there will be (a) an economic catastrophe, turning "central Europe" into our local equivalent of central America; and (b) a series of desperate revolts, probably provoking a Chinese-style reaction not only locally but in Moscow itself.

Soviet speakers said the Brezhnev doctrine was dead, but could not explain why.

That would be the end of nice Mr Gorbachev, and presumably of the détente and disarmament we are counting on to reduce our defence budgets. Instead we shall face a hostile, unstable eastern Europe and a flood of European hoat people descending on our coasts.

We surely must do whatever we can We surely must do whatever we can to avert that prospect, by helping ease the pain many innocent people in "central Europe" will suffer from the sudden unleashing of market forces, and by using our financial power and technical or managerial experience, whether as governments, companies, institutions or private individuals, to assist the self-help efforts of "central European" societies, profit-making and philanthropic elike.

#### Men behind Time

■ Time Inc will need every trick its advisers can muster to fight off the bld from Paramount and complete instead its merger with Warner Communications. So it is fortunate in having some experienced outside directors to turn to. Among them are Edward

Finkelstein, chief executive of R.H.Macy, who is still trying to cope with the huge debt he used to buy out the depart-ment store chain. There is also James Bere, chairman of Borg-Warner, who turned the automotive parts maker private in 1987 to avoid a takeover by

The board's ace asset shuf-fler is Michael Dingman, chair-man of Henley Group. The company began life as a collec-tion of rejected businesses, known as Dingman's Dogs, spawned by the merger of Allied and Signal. Wall Street loved the idea and chipped in more than a \$1hn in 1986 for what was then a record initial public offering of stock, though performance has failed to match the promise.

The director with plenty of his own problems is David Kearns, charman of Xerox. He has had some success in dragging the company out of a slump, but it is still seen as an attractive takeover target with Hanson as one of the possible bidders.

Grand strategy is the forte of John Opel, the retired chief executive of IBM. Opel is believed to be playing a leading role as the outside directors fulfil their responsibility to choose the deal most favourable to shareholders, although in the end it may all be settled in the courts.

City numbers

■ No shortage now of guides to who does what what in the City. A new Who's Who in the City came last month. There is also the Hambro Corporate

# OBSERVER

Register, which gives a range of cross-references to who owns what and who is advising whom. Yesterday there was a new edition of Becket's Directory which lists over 3,500 City names together with their tele phone, telex and fax numbers and, more often than not, the name and extension of their

secretary. Becket's started in 1983. Now for the first time it is being published electronically and can be updated ou a daily basis. A single copy costs £75; the annual subscription for quarterly updates is £140. Publication is in association with the Daily Telegraph.

Floating

m New ruling on the spelling of "floatation" or "flotation", as the case may be. Baroness Hooper, the junior Energy Min-ister and a former Education Minister, told the House of Lords on Friday that floatation followed the Concise Oxford Dictionary, while flotation was commonly used. Her colleagues in charge of the Water Bill, she added, were consistent in

their use of "floatation." The Shorter Oxford approves both usages, which it says are derived from the French flottaison. The spelling "flotation," it claims, was adopted to make the word conform to flotilla

Man in a suit

■ Li Ruihuan, one of the new members of China's ruling sixman Polithuro Standing Com-mittee announced at the week end, was the only one in the official photograph who elected to wear a western suit, collar and tie. The 54-year-old Li, who is mayor of the huge east coast seaport of Tianjin, is reckoned to be be an economic reformer: the suit, though crumpled, was



An Ecu for your thoughts, Prime Minister?"

Li has impeccable working class credentials. He started life as a carpenter - when he first became mayor an enter-prising film studio made a movie based on his career which sensible Tianjin people made a point of seeing — and then moved up the Peking municipal building depart-ment. Anecdote has it that he built two of the capital's most horrendous structures, the Great Hall of the People and the Mao Mansoleum.

When one of my colleagues interviewed him several years ago, he spoke up strongly for reform. "If someone wants to head for the coast, collect 20 kilos of prawns and sell them in the market here, why should we mind?" he said. Foreign husinessmen have found Tianjin much easier to deal with than the rigid Shanghai

Still, China's patronage system means that he is likely to acquiesce with the wishes of the old guard since he is reportedly the son-in-law of Wan Li, Chairman of the

National People's Congress and a bridge partner of Deng. He has never expressed sympa-thy with political reform. The official photograph also revealed the commanding posi-tion of hard-line President (and

ex-general) Yang Shangkun, who is thought to have master-minded the military crackdown in Peking three weeks ago. He took pride of place in the group, even though he's not even a member of the Standing

French push France appears to have

acknowledged an uncharacter istic lapse in the appointment of its permanent representative to the European Communities in Brussels. Philippe Louet
was named to the post last
November. According to his
friends, he had not sought the
job in the first place and was not particularly happy when he arrived to take it up. The French moved fast when they realised that they did not have the right man in the right place at the right time. Louet has departed for what are described as "personal rea-sons." He has been succeeded by Jean Vidal, hot-foot from the French embassy in the Hague. Vidal was deputy per-manent representative to the Community during France's presidency in 1984. The idea now is to have an experienced man in place when the French resume the presidency next month. President Mitterrand, from whom not a great deal has been heard lately, is taking the French responsibility very seriously.

Cryptic

■ is this a coded message? There was a notice on the Cir-cle Line platform at Notting Hill Gate yesterday morning:
"Train operators please note.
The car stopping mark at High
Street Kensington has been
moved about 50 feet north.
These take appropriate action Please take appropriate action at High Street Kensington."

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## LETTERS

## 'Debt gets you out of bed in the morning'

From Mr Mark Gressle.
Sir, "Other people's leverage" (June 21) erroneonsly compares leveraged huy-out (LBO) debt to Third World

Your editorial argues that the Third World debt problem has distorted the allocation of capital around the world. This capital around the work. This problem, coupled with a deterioration in the profitability of traditional lending, has led financial institutions to seek high returns by funding LBOs. The leveraged restructuring

investments, both debt and equity, do provide superior returns to Third World projects and any similarities beyond

From Mr Michael Barnato.

Sir, Christopher Lorenz (June 21) entertainingly charts the rise and fall of a number of

business fads and fashions. Surely the key questions are: what went wrong, why did

they fail and what are the les-sons for the future? It seems to

me that there are four factors

First, in some cases manage

nent consultants successfully developed or adapted a solu-tion, packaged it, and then went in search of a problem to solve. In many cases they

failed to bridge the gap between a longer term future strategic perspective and the current short-term financial

and operational performance. Second, single theories of business success (like globali-

sation, one-stop shopping and so on) cannot be successfully

applied to every business, regardless of differences in

markets, competition, technology and people. Few business-

men had the time to study the original idea; they relied on the

popular version, which often

left out the caveats. Even if

there were to be a simple

"quick fix" now, it might not be appropriate in the future, as

changes occur in the internal

environment. Third, many of the fads have

ignored the need to combine both "hard factors" and "soft

factors" for business success. It

is, for example, insufficient to get systems and organisation structures right if staffing, peo-

ple development and customer care are wrong. Fourth, much of the loss of

glamour of corporate doctrines

stems from poor implementa-

tion rather than poor doctrine. It is no good doing the right

to consider.

Fashions come and go

The high returns in LBOs thinking from accounting are generated from two appearance to cash flow subsources: strong performance incentives and strict control of new investment.

The substitution of debt for equity is beneficial because debt has high performance effects. It gets you out of bed in the morning; equity, on the other hand, lets you sleep late. Equity's good quality is that it provides participation in the value of the company. A com-bination of high debt levels and equity participation by management yields superior results. It forces rationalisation of existing operations and better scrutiny of new investment. It re-orients the company's

ures reflect the poor implemen-tation of a useful idea.

Take, for example, one-stop shopping, where it was hoped that customers would buy a

range of associated services from the same institution. Its

tising, financial services, estate agency, car retailing and audit-

ing/consulting was eagerly awaited. Lack of success was not because the idea was wrong, but rather because

insufficient attention was paid to practical problems of imple-mentation. In many cases there

has been a failure to recognis that existing remuneration arrangements, working prac-tices and organisation culture actively discourage cross seli-

Care is needed in defining

the concept of the core busi-ness. It can be defensive and inward looking ("what we have we hold"), or outward looking

and expansionary ("into what other countries, particularly in Europe, can we develop our core business?").

There is also nothing wrong

with the concept of diversifica-tion. But many of the failures have resulted from poor imple-mentation. Acquisitions have been made in a suction of the

been made in an auction atmo-

sphere, at unrealistically high prices. Incompatible or very

different cultures have no

been taken into account (such as between clearing banks,

erchant banks and stockbro

There has also been either a

neglect of detailed planning after the acquisition, or a diversion of too much top man-

agement time into this - such

that customers and clients.

DID YOU SEE THEIR LITTLE FACES

saful application to adver-

Almost all leveraged restructurings are undertaken by companies in mature busi-nesses which throw off snbstantial free cash flow. Because new investment yields substandard returns, the best investment management and amployees can make is to "sell" the company to the banks, and earn it back with improved performance from the existing assets.

The empirical evidence supports this idea. Studies of LBOs indicate that nearly 70 per cent

tance, and from growth for

growth's sake to investment

Mark Gressle, Stern Stetoort,

#### Broadcasting by auction

From Mr John Beishon.
Sir, The Home Secretary's statement (FT report, June 14) confirms the UK Government's determination to press ahead with an auction system for allocating commercial television franchises. Some "safeguards" are proposed, but the central proposals in the white

paper remain unchanged.

This is intensely depressing for consumer organisations, as it is for all concerned with the future health and quality of the television industry. The Government was absolutely right to "place the viewer and listener at the centre of broad-casting policy." But it soon became clear that the proposed anction system would have just the opposite effect.

It is not difficult to see why, Although the white paper talks in terms of a "more open and competitive broadcasting mar-ket," this is not an area where market forces - usually the consumer's best friend - can easily be made to serve con-sumer objectives. The central problem is that (with the small exception of subscription TV services) this is not a market in which the consumer can play an active part. The mar-ket for TV franchises will be dominated by advertisers, and TV companies will have to reflect advertisers' interests.

What advertisers are pre-pared to pay is related to programme popularity. But advergramme popularity. But advertisers have no direct interest in the quality and choice of programmes on offer — still less in the diversity of programming put out by a particular company. Yet it is these that matter to the consumer.

The safeguards Mr Hurd proposes are plearly better than nothing — and there are par-

calls for new regulations which, if enacted as proposed,

will have no more than a cos-

ers. Who would have thought

it ethical - let alone legal ten years ago for one company to control subsidiaries, one of which acts for the vendor while another lays on finance

while anomer lays on make for the purchaser - and a third values the property for the purchaser's financier?

The size of some estate agencies, with offices numbering from dozens to hundreds, confers apparent respectability, but cratical are helius raised.

but questions are being raised as to whether something should be done to protect both

huyers and sellers. In the meantime, many chartered sur-veyors soldier on as best they

can, conforming to the rules of their professional body. The UK is the only country in the western world where

of the LBO companies achieve better trading profits compared with the results before the vidence emerging from Whitehall in recent

the barristers' monopoly on rights of audience in the

The news for the most part

has been received sceptically

submit a further paper on rights of audience to the Lord Chancellor.

According to the society, Lord Mackay is having second

thoughts about three aspects of the rights of audience proposal.

He is persuaded, apparently, by the Bar's argument that it is vital in the interests of jus-

tice that those practising as advocates should be bound by the so called "cab-rank" rule. But as most solicitors know

only too well, the rule, under

which barristers must take any client who seeks their services

in the field of law they prac-tise, is more honoured in the breach than the observance.

It is designed to ensure that clients are not denied access to

justice, however unpopular their cause or repellant the crime of which they are

accused. But barristers who do not want difficult clients or

unprofitable work evade the rule either by telling instruct-ing solicitors, through their

clerks, that they are already booked on the relevant date, or

by quoting such a high fee for the work that the solicitors are

solicitors, who represent vast numbers of people in the lower

courts, yet there has never been any suggestion that it has been difficult for clients, how-

ever unpopular, to find compe-

Lord Mackey is also said to be persuaded by the Bar's argument that it is necessary

for all advocates to practise singly rather than in partner-ship. The conflict of interests between specialists in the same

tent solicitors.

The rule has never applied to

obliged to look elsewhere.

higher courts.

weeks suggests that Lord Mackay, the Lord Chancellor, is reconsidering his green paper proposals to end

by the Bar. Although barely able to disguise their delight at pna-ont the thought that it may be The increase in leveraged true, the Bar's leaders point out that extending rights of restructuring does not repre-sent a misallocation of audience in the higher courts resources, but rather a response by the financial marto solicitors and others who can demonstrate that they have reached the required levkets to unearth value in mature industries. Further: the increase in the number and els of education, training and experience is the central plank size of equity funds available to effect LBO's is beneficial in of the Government's proposals. To allow barristers to retain that it creates greater competi heir monopoly on advocacy in their monopoly on advocacy in the higher courts would be a complete volte-face.

The Law Society, the solici-tors' governing body, has no such doubts. Its reaction to the Whitehall intelligence was to

It is now difficult for management to buy the company at a low price. 37 Bedford Square, WC1

of a performance "bond" out of which fines could be paid if a company fails to provide the promised range and quality of programmes. This is an improvement on the threat of withdrawing. withdrawing a franchise which was originally proposed But the rest of the package hardly deserves even one mod-est cheer. We are promised a "strengthened" quality thresh-old, but it is not clear how the quality of the companies' sub-missions will be assessed, or by whom. We are promised that in "exceptional" cases the highest hid will be over-ridden, but it is important that the criteria to be applied are spelt out now, so that we can assess them in

advance.
If these safeguards are to work, they will require a sub-stantial centralised research capacity to evaluate the record of the companies concerned and consumer views on the programmes on offer. There is no evidence of any Govern-ment commitment to provide this, following the projected demise of the IBA's research department, More fundamen-tally, any attempt to apply these safeguards strictly will amount to an admission that the logic of the bidding system

in which case, why bother with it? It is now less clear than ever what it is intended to achieve, other than a very dest gain for the Exchequer. The Government, thankfully, has evidently been swayed by debate so far. But on its central proposals we can only hope it will think again - or be forced to, as the forthcom-ing Broadcasting Bill makes its way through Parliament. John Beishon,

tictular attractions in the idea 2 Marylebone Road, NW1

estate agente are almost uncontrolled by law. The most

# Considering a change of heart

Robert Rice on possible revision of Lord Mackay's legal reforms

set of chambers appearing for opposite sides in the same case is minimal because they practise as individuals. If they were in partnership together such a situation would place them in an impossible position of con-flict between their duty to

flict between their duty to their clients and their wider duty to the partnership.

Solicitors argue that their professional obligations already override what would otherwise be incidents caused by practising in partnership. If Lord Mackay is persuaded of the need for advocates to be sole practitioners, however, it will be impossible for solicitors to remain in partnership and practise as advocates in tha

higher courts.
Finally, Lord Mackey is said to accept that those involved in the investigation and prepara-tion of evidence for cases in the higher courts should not also be allowed to present

consultation with the profession or the judiciary, Lord Mackey resolutely insists that

to its structure and working practices - a more formal

the papers were consultation documents and that having consulted he would not hesitate to change his mind if persuaded he should do so.

It is possible that even though it took the green papers to persuade the Bar to do so, the changes announced to the structure and announced to the structure of the structur

pupillage, or training struc-ture, paid pupillages, the intro-duction of a Bar Library system - have been sufficient to change his mind on rights of He may be persuaded that if the net result of these changes is that the Bar is open to any-one who reaches the required

standards of education and training then there is no reason to formally abolish the bar-risters' monopoly on advocacy

#### After more than 2,000 responses he is convinced that changes to the proposals are necessary

them. The Bar wishes to retain this work as a training ground for young harristers, while the Crown Prosecution Service sees rights of audience in the Crown Court for both its solicitor and barrister prosecutors as a means of making the CPS more attractive to young law-yers, thereby solving its recruitment crisis.

If the Lord Chancellor has changed his mind on these three points it would represent a hig change of heart on righte of audience. What the profes-sion wants to know is why? The simple explanation is that having received more than 2,000 responses to the green papers he is convinced that changes to the proposals are necessary. Despite the criti-cism about his having pro-

duced what allegedly amounted to white papers without any prior research or

in the higher courts.

The other explanation is political. Solicitors in particular want to know why the most radical proposals for change in the legal profession this century have not yet been debated in the House of Commons? The National Health Service reform proposals have, so why not the egal reforms?

Lord Mackay's answer to this is that his proposals are green — for consultation — and the NHS proposals are white and therefore firm. Why then if green paper proposals do not merit parliamentary time did the Lords give over a whole day to dehating the reforms?

The answer preferred by the Law Society and the one being given wider credence in the media is that Sir Patrick May-bew, the Attorney General, has made the Government's proposals a resignation issue and as the Government's senior legal adviser and spokesman on legal matters in the Com-mons he is not prepared to put

the Government line in debate. But is it credible that the Government would abandon the central plank of its reform in the face of his resignation threat? The Government will have expected from the start that it received the start that it is the start that it is received the start that it is received the start that it is the start that it i that it would have to be prepared to modify and give ground on some of the more contentious proposals. With that in mind it has probably also had fall back positions.

The Lord Chancellor has hinted that be is thinking again about the structure and role of the proposed Advisory Committee on education and conduct, the source of much of the judges' disquiet. It is safe to predict that any measures to assist in the funding of litigation will stop short of allowing full "no win, no pay" contin gency fee arrangements.

And while the Government

is unlikely to back away from the principle that the hanks and the building societies should be allowed to carry out conveyancing (property transfer) work for their own borrowers, it is generally accepted that the rules which will have to be drawn up to ensure an even playing field between the financial institutions and others doing conveyancing, would have to be so stringent as to make it unattractive for the institutions to venture into conveyancing on any signifi-

On balance, it still seems safe to predict that the Govern-ment will stand firm on its philosophy of ensuring greater competition in the provision of professional services. This, amongst other things, would guarantee the lifting of the statutory han on multi-disclplinary partnerships, making solicitors eligible for appointment to the High Court Bench. But it is no longer certain that it will end the harristers' monopoly on rights of audience in the higher courts.

There is still room to be

wrong about any of this, Lord Mackay will not make his final plans for reform known until the end of July when he will publish one or more explanatory papers setting out the mment's intentions.

in debating the issues and trying to predict the outcome the one factor that seems to have been underestimated is the part politics has to play in the implementation of reform. If the whispers are to he believed it may yet have the

#### done right. Many of the fail- 34 Park Street, WI Buyers and sellers in the housing market

have suffered. Michael Barnato.

From Mr Lionel Block.
Sir, The National Associa-tion of Estate Agents' new conveyancing proposals, published in the document "Moving With Tears." are self-serving and

Delays in buying houses are not caused by local searches which can be obtained by per-sonal attendance or by survey which can be carried out promptly. Very often delays. result from problems revealed by the local searches and the need to negotiate price reductions following unfavourable surveys. If the estata agent works for both sides, how can the conflict of interests be

A solicitor will charge between £350 and £500 (plus VAT) for the sale of a freehold at £140,000. A typical estate agent's commission for such a transaction is £4,350 plus VAT. transaction is £4,350 plus VAT. This stunning discrepancy explains the agent's anxiety to get the deal through quickly. It does not encourage the careful negotiations required to give a purchaser the best possible

The truth is that most people want a quick transaction only in principle. When it comes to decisions they prafer open-ended arrangements. A purchaser likes to be free to change his mind in case he change his mind in case he finds a better property.

In any event, he will be

reluctant to break a "chain" -he does not want to risk completing a purchase before selling his own house. The prospect of paying two sets of mortgages, rates, insurance and so on determines the time-table of most purchases. The possibility of postponing the

From Mr N.N. Than.

Sir, Though your Burma report (Juna 22) is basically factual, the reference to "...last September, when diplomats said at least 1,000 protesters were killed" raises some questions. Which diplomate and of what rank? How mats, and of what rank? How verified, and on what evidence? To be fair and balanced, the Myanmar (Burmese) Government's official statement should at least have been men-tioned. Of the 515 deaths, 15 were demonstrators and 500 were armed looters shot during widespread looting and destruction - even after the imposition of martial law and curiew - of factories, cemeteries and so on. There is surely some difference between protesters/demonstrators, and

double payments by incorporating them in a mortgage will only increase the financial costs of temporary double own-

SALE H

ership. Vendors also prefer to keep their options open in case they get a better offer. They rarely agree a completion date unless they can move into their new house; they do not relish the prospect of temporary accom-modation.

Any attempt to impose early commitments in house transaction involves drastic curtail-ment of the right of an individ-ual to get the best possible deal. It represents a serious interference with the freedom of contract. Lionel Bloch, 9 Wimpole Street, W1

From Mr O.H.F. Guillebaud. Sir, A crowd of opportunists entered the estate agency field during the 1960s property boom; practices abound which would have been unthinkable to our predecessors. The UK Consumer Affairs Minister ecessors. The UK

#### Balance in Burma

armed, violent looters. indeed is food for thought. N.N. Than,

These armed, homeless/propertyless looters completely stroyed and looted the largest cemeteries in Yanzon (Rangoon), to the extent of selling the bricks from destroyed tombs (at about 30 pyas each). This remains unreported by the media. Another interesting aspect of media reporting is that on other current and more momentous events, the diplomats' or journalists/analysts' estimates on casualties are bal-anced almost always by respec-tive official statements. That

Embassy of the Union of Myan-mar (Burma), nannstrasse 112, 5300 Bonn 1, Federal Republic of Germany

stringent rules, with appropri-ate penalties and disqualifica-WHEN I SAID 'THE MARKET'S SLUGGISH, TAKE THE MONEY AND RUN'? tion, apply in other parts of the European Community. British lawyers, doctors, architects and insurance brokers are all rigidly controlled. Why not state agents? Perhaps we will be com-

pelled to put our house in order after 1992, but this is some years off. The conditions which have led to a constant rise in property values have protected buyers and sellers from things going too badly wrong, but if we are entering a more stable period for property values, more care should be taken in selecting an agent whose style of operation is designed to protect a client's metic effect.
Guidelines published simultaneously by the Law Society sensibly advise the public not to deal with agents who sell financial services to purchas-

Such motivation is called "professionalism." A professional is one who places his chem'e interest above his own. This ethic can conflict with the practices adopted by some of nies, in which staff bonuses provide incentives for practices against the public interest -professionalism has given way to business methods designed to boost share values instead. Besides following the Law

Society's advice to avoid agen-cies which also sell financial services, it would seem pra-dent at least to look for qualif-cations on the firm's letter-head. The sanctions of professional bodies are a valuable protection for the public. O.H.F. Guilleband, Robert Barry, Cotteswold House,

Cirencester, Gloucestershire

#### English as it is taught

From Mr Derek Coggrave. Sir. Those who advocate knisser-faire attitudes towards teaching grammar (FT report and editorial on working party recommendations for the teaching of English, June 23). and consequently, low levels of standard English, accepting that some 16-year-olds will leave school with the competence of nine-year-olds, are usually articulate and well versed in the techniques of the

language.

Perhaps they do not realise that in pursuing the path of mediocrity they are assisting further in reducing the UK's

competitive position.

As part of the GCSE (general certificate of secondary education) tion) examination a student can elect to sit a written test

or, alternatively, submit project work. There seems no logi-cal reason why, in the same way, a written test in English grammar should not form part of the GCSE examination, with students electing to sit a written test if they so wish.

Employers could employ students who had passed an examination in grammar (if they wanted to). Similarly, universities could make it an entrance requirement.

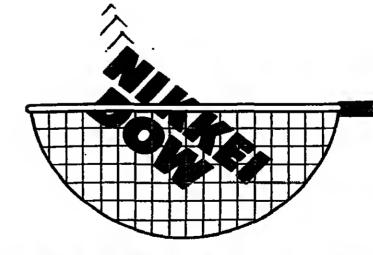
The Government would probably recognise this as a case of its heavily promoted concept of market choice, but perhaps it is too much to expect that ministers would accept the force of their own arguments

Derek A. Coggrave, 23 Wentworth Park, N3



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# FINANCIAL TIMES

Tuesday June 27 1989



# Moscow admits N-arms on stricken submarine

By David White, Defence Correspondent, in London

THE SAFETY record of the Soviet Navy and its large fleet of nuclear-powered vessels has once again attracted international concern, after an accident yesterday aboard one of its cruise-missile submarines off northern Norway.

The Soviet Navy last night confirmed that there were nuclear weapons on board. But Commander in Chief Admiral Vladimir Chernavin said nn televisinn the weapons were safe and were unaffected by

The nuclear-propelled submarine was last night strug-gling back to its home base on the Kola Peninsula, north of the Arctic Circle, after a reac-

The vessel is equipped to carry anti-ship missiles with high-explosive or nuclear warbeads and torpedoes - some of which might also be nuclear-

tipped.
The incident took place shortly after midnight and was discovered when a Norwegian F-16 fighter saw smoke billow-ing from the stricken vessel, which had shut down its reactor and surfaced.

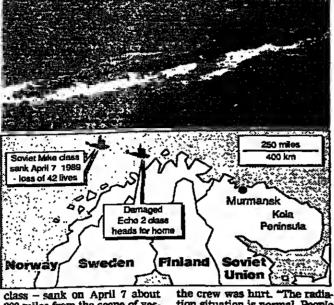
The submarine, of a class known in the West as Echo II, is one of the oldest of its kind in the Soviet fleet - it dates

in spite of Soviet assurances about the environmental risk, Mr Johan Joergen Holst, Normarine – the only one of its spite of Soviet assurances about the environmental risk, marine – the only one of its of the soviet before Minister, said none of



way's Defence Minister, said the information contained insufficient detail. The Nowegians would take air and water mples to test for radiation

Norwegian officials complained that Soviet authorities took 61/2 hours to inform Oslo of the accident. Similar com-



class - sank on April 7 about 200 miles from the scene of yesterday's incident, with the loss of 42 lives.

"When two such incidents happen so close together, we cannot belp but feel uneasy about these vessels close to our waters," Mr Holst said. The latest incident took place about 70 tion situation is normal. People are safe," he said. He added that a commission would be set up to investigate the cause of the accident.

According to Western authorities, the vessel has eight launch tubes for cruise missiles and a typical load of 26 torpedoes. It is reckoned to carry a crew of between 90 to 100.

woman problem.

Ms A attracted a fresh flurry

of publicity on Sunday when she appeared on a television

programme, revealing herself as Ms Mitsuko Nakanishi.

However, by last night, it appeared that interest in Ms

Nakanishi was dying down,

hut the Japanese people remain upset about Mr Uno's woman problem, mainly, it seems, out of fears that it will be raised by foreign reporters at the Paris summit

The incident follows public criticism in the Soviet Union of the training of nuclear subma-

rine crews.

A letter from a serving cap tain in the Soviet Northern Fleet, published in a trada union journal last week, said: "It will probably surprise you if I say that the nuclear instalon our submarines are operated by people who are not sufficiently trained, and some of them are not trained at all.

But we still go on sailing."
The Ecbo II clase was designed to counter US air-craft-carrier battle groups. It has to surface, however, to fire its missiles and has only about a third of the displacement of the latest submerged-launch Oscar class submarine.

The submarine was heading home last night under auxiliary diesel power, helped by Soviet support ships.
The Soviet news agency Tass reported that there had been "a

failure of the airtight seal of the reactor's first cold circuit." Three twin-reactor Soviet nuclear submarines have sunk in the Atlantic since 1970, including the titanium-hull, Mike-class vessel.

According to a recent report hy Greenpeace and the Insti-tute for Policy Studies in the US, the Soviet and US navies have between them lost nine nuclear reactors and 50 nuclear weapons on the ocean floor.

#### Mexico's creditors agree to debt relief

In London

banks have responded to a request for debt relief and have offered to reduce the face value of loans by 30 per cent.

The plan, put together hy a 15-member group of Mexico's main creditor hanks led by Citicorp of the US, would reduce debt outflows by \$1.8bn

vide a blueprint for future agreements under the international debt strategy launched in March hy Mr Nicbolas Brady, US Treasury Secretary.

average 30 per cent. The loans would be exchanged for 30-year

bonds with a face value of 70 per cent and paying market interest rates.

• Exchanging loans for low-interest bonds with no change in face value 77 he 20 near bonds. face value. The 30-year bonds exchanged for the roughly \$39bn of loans made before 1982 would carry 7% per cent fixed interest rates, while those exchanged for the \$15bn of post-1982 loans would carry 7% per cent interest.

Mexicans.
The banks will extend the offer into a fourth year, if a three-year extended facility from the International Monetary Fund is itself allowed to run for another year.

The banks' previous proposal, rejected by the Mexicans, called for a 22 per cent reduction in debt principal. There was evidence that one European bank in the leading group dissented from the offer of a 30 per cent discount, but agreed that the offer should be made. The plan was presented not by the advisory committee of banks but by the three bank chairmen of the group, from Citicorp, Swiss Bank Corporation and Bank of America.

By Stephen Fidler

MEXICO'S leading creditor

per year over three years, compared with the \$4hn to \$4.5hn reduction originally requested.

The talks, which started three months ago, should pro-

Under the proposal, which has may not be accepted in its present form by Mexico, banks would be able to choose from three options:

• Reducing debt principal on \$54bn of medium and long-term bank loans by an average 30 per cent. The loans

 New loans, or recycling of interest payments.

Tha banks bave also requested the Mexican Governrequested the Mexican Govern-ment to allow an annual \$35n in debt-to-equity swaps.

The banks' offer is based on the principal of 'equivalence'

that whichever option the banks choose will lead to the same amount of relief to the

#### By lan Rodger in Tokyo JAPAN'S ruling Liberal Democratic Party seemed to be concealing herself behind the name of "A-san" (Ms A), told popular local politician. Analysts have attributed the LDP defeat to a combination of factors, including the intro-duction of an unpopular 3 per cent value added tax in April, the liberalisation of some farm product markets, the Recruit affair and, not least, what has become known as Mr Uno's

Japan's ruling party may abandon Uno

preparing to abandon Prime Minister Sousuke Uno yester-day, after a double shock on Sunday: a severe by-election defeat and the public appear-ance of a woman who claims Mr Uno paid her to be his mis-

tress four years ago.
A senior LDP official said after a meeting of party heads that Mr Uno abould not be made to work too vigorously in the current Tokyn city and parliamentary election campaigns, because he had to be in good form for the mid-July summit of leading industrial nations in Paris.

Political analysts said this should be interpreted as meaning that the LDP did not want. M. Uno to campaign, because ment, Party leaders admit openly they are worried that the party will lose its majority in the upper bnuse of the Diet, following the elections to fill half of its seats on July 23.

There is increasing talk of an early dissolution of the Diet for a general election this

Minister less than four weeks ago, was expected to boost the party's image in the wake of the Recruit bribery scandal, because be had not been involved in any of the wrongdoing. However, his personal and political weaknesses became immediately apparent. Politically, be suffers pri-marily from the lack of a

power base in the party, and, within days of his appoint-

newspapers that he had treated her in a shabby way when he had taken her on as a

Japanese society has tradi-

tionally been tolerant of men's

extramarital activities, but this affair attracted wide criticism, particularly after it was publicised by foreign media.

The extent of the slump was monstrated on Sunday when the Japan Socialist Party won a stunning victory in a by-elec-tion in a traditionally conser-

vative constituency for a seat in the upper house of the Diet. The LDP's vote fell by 33 per cent, while that of the JSP rose 27 per cent. The winner, Ms Kinuko Ofucbi, an unknown housewife contesting

# Open door for East-West links

Jennifer Monahan on why Gorbachev favours the Council of Europe

HE newly elected Supreme Soviet today makes one of its first forays into the arena of European pluralism and democracy when its members meet a delegation from the Parliamentary Assembly of the Council of

Europe.

The delegation is the first from abroad to be received by the Soviet Parliament, an event which officials of the Council stress is "no accident." The talks in Moscow wlll include final arrangements for Mr Mikhail Gorbachev's speech to the Council Assembly in Strasbourg during his visit to France pext week.

In April when the Soviet leader announced his visit to Strasbourg, it exposed the prickly relations between the European Parliament and the Council of Europe, which share the same modern premises in the Alsatian capital. Why did Mr Gorbacbev choose to address the Assembly of the Council of Europe, whose representatives are appointed from national parliaments, and not the directly elected European Parliament?

The answer throws interest-ing light on the role of the 23-member Council, now 40 years old, in a Europe where post-war certainties are melting. "Of course it's a deliberate choice." says Mrs Catherine Lalumière, former French Socialist Minister for European Affairs, who was elected in

May as Secretary General of the Council. "It's because of

what this organisation repre-

sents - democracy, pluralism, the rights of man." The Coun-

cll orovides possibilities for

**WORLD WEATHER** 

East-West links not available within the tighter economic and political grouping of the European Community. With the accession of Fin-

Furope now includes all the states of Western Europe, aligned, non-aligned and nentral. The conditions of membership are representative democ-racy and implementation of the Acts of the Conference on Security and Co-operation in Europe (born in Helsinki in 1975). By and large, these con-ditions have been kept to, but the continued presence of Turkey after the military coup in 1980 provoked a storm which still leaves bitterness.

The Council is known principally because of its unique role as overseer of individual liberties embodied in the European Convention on Human Bights.

Convention on Human Rights, backed by the Commission and the Court of Human Rights. The Court made a slow start

in the 1950s and 1960s, but is now enjoying or suffering the "snowball effect" as more and more European residents call on it in support of a case against the state. The body of case law that has been built has forced governments. huilt has forced governments to alter the rules.

r Peter Leuprecht. director of Human Rights at the Council, quotes favourite examples: a Belgian single mother who in 1979 won changes in inheri-tance laws for illegitimate chil-dren; a Moroccan father of a Dutch child whose expulsinn from Holland was found last year not to comply with respect for family life. British

cases outnumber the rest, largely because of a lack of domestic means of redress. Human rights are the driv-ing force in the new links emerging between the Council and Eastern Europe Mr Hans-Peter Furrer, the Chuncil's political director, makes the point by asking: "What is perestroika?" His answer: "An attempt to mobilise individual responsibility and initiative."
Perestroika needs buman rights, he insists. It is not concelvable without guaranteed

> hat Mr Gorbachev is seeking, Mr Furrer is certain, is some institutional framework for linking into Western Enrope. The Soviet leader could try building from scratch, but the Council is there to meet the read cil is there to meet the need.
> Cynics may argue that the
> Council is merely being used
> as a platform to win respectability. The Council's senior officials agree the Assembly provides a platfirm, but adds that the price of respectability, with all its potential economic and political advantages, is not

Links built over the past two years between the Council of Europe and two other countries, Poland and Hungary, provide a glimpse of how co-operation can come about. In the tumultuous and nervy moves towards democracy, Council officials have met in both countries a great need for information and expertise.

"The amount of things that are changing is absolutely remarkable," says Mr Leuprecht. "They want our help, they are making to penal law, criminal procedure, freedom of information, the right to con-scientinus objection, indepen-

dence of the judiciary . . . " The climate could not be more different from the post-war days when the Council of Europe was seen in Moscow as an instrument of the Cold War. an instrument of the Cold War. But having opened doors eastwards, is the Council up to the revolutionised expectations being thrust on it? Its own constitutional make-up is not built for fast delivery. The impetus and initiative come from its Parliamentary Assembly; a lot of hard groundwork by specialist committees goes in to the conventions, rules and standards on subjects which extend beyond the boundaries of the 12, such as capital punishment. 12, such as capital punishment, environmental protection and foreign language teaching.

rs Lalumière, nn the eve of Mr Gorba-chev's long awaited speech, points out that Western Europe has lived for 40 years in "great intellectual comfort." If, in response to the explosion of ideas in the East, exposion of deas in the east, we simply hold our traditional positions, then we are going to look impoverished." While no one knows yet what exactly Mr Gorbachev means by "the common European honse," Mrs Lalumière considers it a good media phrase, hut a house without furniture. Its contents have yet to be constructed, and she knows they will have to take unaccustomed shapes. But the basic ground plan, the broad principles, says Mrs Laiumière, must rest firm.

# Cut in threshold for UK bids ruled out

By Nikki Talt in London

THE Takeover Panel, Britain's bids watchdog, has ruled out any change in "trigger level" at which the acquisition or huild-up of a stake in a UK company obliges the holder to launch a full bid from the present level of 30 per cent or more of the voting rights.

Last autumn, there were strong calls from a number of industrialists for this figure to be reduced. Some suggested a threshold of 15 per cent. The subject came up fre-

quently at the annual conference in November of the Confederation of British Industry, the employers' organisation. Mr John Banham, director-general, proposed a six-point plan for slowing the takeover process and making more information available to the defending company's shareholders.

In response, the Takeover Panel set up a working party, chaired by Lord Rock-ley - then chairman of the corporate finance committee of

the British Merchant Banking and Securities Houses Associa tion - to look into the issues. On the basis of the Rockley Committee's findings, the Panel said yesterday that it believed that: "30 per cent is the right figure. It has stood the test of time. The Panel does not believe that the level at which control is exercised has changed and, therefore, it rejects suggestions that the 30 per cent level should be

# A sterling test for interest rates

If the foreign exchange markets really had been hoping for signs that Mrs Thatcher was suddenly going to do an about-turn and announce early British membership of the European Monetary System, ber vague etatements yester-day must have come as a disappointment. However, to attri-bute yesterday's weakness in sterling to Mrs Thatcher's com-ments at the Madrid summit is overstating the importance of that forum to the short-term ontlook for sterling. Fears about today's UK trade figures and the strength of the Govern-ment's commitment to take whatever measures are neces-sary to curb the slide in Its currency, are far more rele-

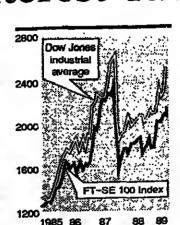
vant.
The continuing robust per-formance of the London equity market and the surprising calmness in the money markets, enggests that the exchange rate will be allowed to slide further without triggering a panic interest rate response from the authorities. If this is correct, then the continuing weakness of the exchange rate is no surprise. However, a steady and gentle devaluation of any currency is most unlikely to be permitted

most unlikely to be permitted in the current floating exchange rate environment, and the foreign exchange markets, sensing Government indecision, are likely to force matters to a bead. The trade-weighted sterling index was allowed to fall by 4 per cent before last month's one per cent base rate rise, and it per cent base rate rise, and it has since fallen by almost another 4 per cent.
If the UK authorities really

have gone soft on the exchange rate, then the response of the equity market is understand-able. But it would not take a terrihly bad trade number today to test the firmness of today to test the firmness of the Government's anti-infla-tion resolve. With Inck the anthorities may be able to muddle through without hav-ing to resort to the interest rate weapon again, but the exchange rate is getting peril-ously close to the level where this cannot be taken for this cannot be taken for granted.

**Bond Corporation** 

Mr Alan Bond's business empire has been buffeted by so much adverse news lately that it is easy to underestimate the importance of the latest setback. Indeed, these days the affairs of Bond Corporation are followed far more closely by bankers and other creditors, than by all but the most con-



trarian investors. The big issue for the banks is not whether Bond shares are worth \$3 or \$1. hut whether they will get their money back, and in this respect the latest developments

are a severe blow. The Australian Broadcasting Tribunal ruling brings Mr Bond considerably closer to being a forced seller of his Bond Media stake and there is even an outside risk that the licences might be cancelled. Given that the Bond Media stake is in the books at far more than its current value. any sale could do serious damage to Bond Corporation's Assbn net worth. The group still has pienty of assets left to sell, but those which can be sold at a substantial profit are

steadily dwindling.
The suspension of Bell The suspension of Bell Resources' shares, which has the effect of blocking its A\$3.5bn purchase of Bond's hrewing husinesses, is less of a setback since all that Mr Bond was doing was shuffling assets around his empire, and if he wanted to continue to do this he would presumably provide he would presumably provide the information that the Aus-tralian Stock Exchange wants, provided that is that it does not contain some untold hor-

Gateway

It was never going to be easy to persuade the market that equity worth "at least 15p" one day was worth at least twice that the next. The market, of course, has not yet properly been told of the new valuation for the stuh. But the Takeover Panel should have finished lis-tening to the grousing of both sides on the issue fairly soon, and the news will then be offi-cial.

That may not make it much easier to evaluate, even so. At the moment, Salomon seems disinclined to back up its valu-ation with anything so crude as its assumptions on the p/e at which the equity would eventually be floated on the market. Unless it reconsiders nnder Panel pressure -then investors will face a large leap of faith between the initial leap of faith between the initial 15p valuation and the new 30-35p. There is no question of Salomon underwriting the equity at that level, and even less question of Isosceles being allowed to buy at above 230p as a result. So in the end, it comes down to faith in Salomon's indeement; and the American indgement and the American

valuation methods which pro-duced the higher figure have little track record on this side of the Atlantic.
Still, given the large chunk of stock Isosceles can speak for already, it would not take much to tip the battle decisively its way. Perhaps those institutions which are temperamentally inclined towards lossed in any once may wish to celes in any case may wish to accept Salomon's arguments. But their inclinations could surely be overcome by at most another 5pin cash from Newga-teway. With that, Newgateway might well be able to build up the kind of stake which would seriously frustrate Isosceles

Davy Corp

Makers of consumer goods and builders of bouses may not and otherers of bouses may not like what they see on the eco-nomic borizon. But if the latest figures from Davy are any-thing to go by, capital goods producers should have nothing to complain of for some time to come. Orders were a quarter higher at the year end than the previous year, and since then corporate investment intentions have shown no sign of flagging. The US iron and steel industry is using its unaccustomed profits for a reinvest-ment and modernisation programme which is long overdue

— and which could well continne after any downturn in
steel demand, as it is not
demand-led.

Eventually, of course, the investment cycle will turn down. But economic cycles are likely to have little impact on Davy's green-related hualnesses: public demand for clean air and water is putting a lot of work Davy's way already, and that can only grow. But it is a risky busigrow. But it is a risky business, as Davy learned to its dismay when probleme with flue gas desulpburisation in Germany halved profits two years ago. And until one can be sure that will not bappen again, then a rating of nearly 10 times prospective earnings is probably no more than fair.



## FORECASTS FOR BARRATT ARE GOOD-WHICHEVER WAY THE WIND BLOWS.

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one region, only leads us to step up activity elsewhere. It doesn't blow us

BARRATT THE HOUSE BUILDER

profits from a mark in the contract of the contract of

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# **FINANCIAL TIMES** COMPANIES & MARKETS

Tuesday June 27 1989



ENTS

INSIDE

They don't build em' like they used to



At Cassino, near Naples, and Emden in West Germany stand the "showcase" car assembly plants of Fiet and Volkswagen. As the "bodies-in-white" — unpainted bodyshalls — glide by and sparks fly from the robots, both plants represent e step towards completely integreted, automated vehicle production. But can they compete with the ever-improving produc-tivity and efficiency levels of the Japanese vehicle industry, which by the mid-1990s will be tackling Europe's car market substantially from within? John Griffiths reports. Page 31

A walk on the wild side

Last year 1.820 British farmers set aside land in response to the Government'a offer of £80 an acre to compensate them for loss of incoma. The idea was to cut the production of surplus cereals. The Ministry of Agriculture has recently invited applications for the current crop year and many more farmers will be giving the scheme serious consideration. But most will do so with some reluctance, explains David Richardson, Page 32.

**Gestetner far from stationary** 

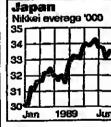


Gestetner, tha office equipment group headed by Mr Basil Sellars (left), yesterdey announced e 28.6 per cent rise in pre-tax profits for the six months to April 30 and said it expected to make one or two major acquisitions within the next two years. These could more than double the siza of s and would not necessarily ba lim-

ited to office equipment operations. Page 28

Cloudiess sky with a silver lining. Last year's drought was the best thing that could have happened to US farmers, argues John McGinty, an analyst with First Boston. It removed stockpiles that had long depressed the grain markets. Now farmers are counting on higher crop prices to pay for replacements to againg farm equipment, and tractor sales

Tokyo gets its nerve back



are booming. Pa

market regained some of its nerve last week as the yen'a slide against the dollar was halted. A 2 per cent recovary over tha week in Japanese ahare prices contributed to e healthy 1.7 per cant advance in the FT-Actuaries World Index. But Jan 1989 Jun Japan's gains ware hes itant end the market le

still lagging behind tha rest of the world, having risen only 4.7 per cent this year. Page 44

**Market Statistics** 

Base lending rates Benchmark Govt bonds European options exch FT-A indices FT-A world indices FT int bond service

London share service London traded options London tradit, options New Int. bond Issues World coromodity prices World stock mict indices

Airtours Bardon Group

Bardsey Berkeley Group Böhringer Manni Cranswick Mill Deere Ex-Cell-O FII-Fyffas Fletcher King Indevo

Companies in this section KLM KWG Securities Petrobras Sea Containers Stena Swan, John Tamaris Tamaris 24 Tampelia 28 Telco 23 Tiphook 22 Toho Phan 39 Unit ( Unit Group WPP White 22 Wyndham Group

Chief price changes yesterday Ribers Bail Equip Lab Bellon 336 + 18.7 2200 + 125.8 216.9 + 8.2 719 + 19 153.5 + 0 970 + 30 Pells
Dragarwerk 285
Hochider 851
Lefrhet 530
MERRY YORKK (3)
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# Sony calls for \$1.55bn to fund expansion

By Robert Thomson in Tokyo

SONY, the Japanese consumer electronics maker, is to raise about Y220bn (\$1.55hn) next month in a share issue designed to fund the expansion of semicon-ductor production by subsidiaries to Japan and to expand its televi-sion interests in the US, includ-ing, perhaps, further investment to the development of high-defini-

A company spokesman said that the issue of 30m shares at a small discount to the market price has nothing to do with rumours that Sony is interested in purchasing a US film produc-tion house and, instead, will be an important part of a projected capital expenditure budget of

capital expenditure budget of Y250bn this year.
Funds from the offer, the first since 20m shares were sold in April 1998 to cover the purchase of CBS Records, are to be used to develop the company's growing semiconductor interests in Japan, the spokesman said.

Production is to be expended at

Production is to be expanded at the company's television plant at San Diego, and there are indica-tions that some of the funds will go to a San Jose HDTV research centre, which plans to double its staff in developing technulogy approved by the US Society of Motion Picture and Television Engineers as the standard system

for programme production.

At present, sales of televisions comprise about 17 per cent of Sony's revenue, with video cas-sette recorders comprising 36 per cent and andio equipment 29 per

The sales of other assorted items, led by semiconductors, rose last year by 21.6 per cent, and included newly marketed computer disk drives and work-The shares will be offered at a

3.5 per cent discount to the closing price on July 10 — yester-day's closing price was Y7,680. A board meeting to be held in early July will finalise other details of the offer, which is to be handled by all of the Big Four securities companies — Nomura Securities, Daiwa Securities, Yamaichi Securities, and Nikko

Securities.

A month ago Sony, which seemed to many analysts to have lost its way in the mid-1980s, announced nearly doubled consolidated net profits for 1988, thanks to booming sales of its products throughout the world. The results included the first foll-wear contribution from CBS full-year contribution from CBS Records, which was acquired for \$2bn in January last year.

# La Générale placing finds investors eager

THE OFFER for sale of BFr21bn (\$515m) of shares in Société Génerale de Belgique — the biggest ever Belgian stock market opera-tion of its kind — was officially declared a success yesterday after what the company described as a "very consider-able" oversubscription by inves-

A senior director of La Générale commented last night: "We haven't got the final figures yet but I am sure that it will be at least three times oversnb-

Green and Banque and Banque Indosuez, the lead bankers managing the placing, decided to close the offer early. It was originally due to run until Friday. Only investors whose applica-tions were received by yesterday will be successful in the scaling

The issue was oversubscribed in all the markets where shares were made available - Paris, London, Geneva, Zurich and

Frankfurt as well as Brussels — but no details were disclosed about the allocation of shares. A spokesman said the quality of applications would be taken into account and that preference would be given to small inves-tors, notably in the Belgian mar-ket, for which two thirds of the 7m shares had been reserved.

7m shares had been reserved. Yesterday's amouncement fol-lowed an energetic and high pro-Europe by La Générale and its The offer for sale arose when a Franco-Belgian consortium led by France's Compagnie Financière

de Suez needed to raise funds by selling the 11 per cent stake to La Générale held by its jointlyowned company, Sodinvest. La Générala's share price closed last night at BFr4,675, compared to the offer price before three for two share split of

BFr4,500. BBL blows investors' cover,

A lan Bond's corporate obit-uary has been prema-turely written almost as many times as the burly Australian entrepreneur has been pho-tographed holding a can of his Castlemaine XXXX lager. But even by his own maverick stan-dards, Monday June 26, 1989, will go down as one of his worst days in business.

First, the English-born Mr Bond, who became an Australian hero by bringing the America's Cup to his adopted home, suf-fered the indignity of being declared by the Australian Broad-casting Tribunal a person not fit and proper to hold broadcasting

Then just hours later, shares in Then just hours later, shares in Bell Resources, a subsidiary of his flagship Bond Corporation, were suspended by the Australian Stock Exchanga over an important deal to shuffle the latter company's beer interests into Bell's corporate structure.

Both religions are acceptable.

Bell's corporate structure.

Both rulings are potentially very damaging to Mr Bond's corporate empire, which is already out of favour with investors because of its unpredictability, high dabt and controversial accounting policies.

The tribunal decision had been expected by local markets, so shares in Bond Media, the 53 per cent.orged television subsidiary.

shares in Bond Media, the 53 per cent-owned television subsidiary of Bond Corporation, were steady at 29 cents yesterday, although Bond Corporation shares lost 9 cents to A\$1.01. But the ruling must further damage Mr Bond's reputation and can hardly do other than further unsettle his already nervous bankers.

These include Hongkong & Shanghai Bank, Merrill Lynch, Midland Bank, National Australia Bank, Standard Chartered and Banque Indosuez.

Banque Indosuez

Banque Indosuez.

The 14-page television ruling, which directly attacks Mr Bond's moral and ethical standards, is all the more damaging because it comes from an independent tribunal, rather than a business adversary like Lonrho, which last year issued a scathing attack on Mr Bond's finances when he built up a 20 per cent stake in the British conglomerate.

Mr Bond, true to form, yester-day came out attacking on the broadcasting issue, describing the tribunal's findings as unac-ceptable and foreshadowing a lengthy appeal process. He was less vocal on the more technical Bell matter, but he has previ-ously alleged that the stock exchange has singled him out for harsh treatment. Yet the Bell suspension could

Bond as the Tribunal finding. Quite simply, he needs the brew-ery deal, or something like it, to restore Bond Corporation as a credible public company.

Bond Corporation needs the

cash injection which the hrewery sale would bring to help reduce its crippling debts, estimated at around A\$50n (\$4.4ba). More specifically, the deal would avoid the need for Bond Corporation to pay back inter-company loans totalling about A\$1.2bn to Bell. The dispute has arisen because

First, the English-born Mr

# Bond: the picture gets even fuzzier

Bruce Jacques in Sydney looks at yesterday's twin setback for the embattled Australian entrepreneur

has insisted on detailed disclo-sure before both companies put the brewery deal to shareholders. These include five-year accounts from the brewing operations and two valuations on whether the price tag is fair.

Mr Bond has baulked at these

requirements, contending the information would take months to compile. He has already foregone his original deadlins of 30 tor t the chance to greatly improve Bond Corporation's next balance sheet

Mr Bond vented his frustration at the stock exchange last week, threatening to ditch the brewery plan and replace it with other deals, possibly selling Bond Cor-poration's other assets, leaving it as a pure brewing company.

Howaver, Mr Bond has expressed such a wide range of

corporate options in recent weeks that the market may be reluctant to believe he has a complete commitment to any assets.

As far as the television interests are concerned, Mr Bond said yesterday that his group has a "total commitment to electronic broadcasting in Australia and overseas" and that the group's 53 per cent interest in Bond Media is not for sale. But analysts suspect that he may eventually dispect that he may eventually dispose of it.

**9 9** 

Whatever his plans, it is clear that any forced disposal would be process, possibly taking up to The tribunal intends referring

the matter to the Federal Court for determination of possible pen-alties against Bond Corporation, while Mr Bond maintains the whole issne will have to he reheard before the Administra-

tive Appeals Tribunal.

The inquiry was concerned with two main allegatioos against Mr Bond — a A\$400,000 payment to the then Queensland Premier, Sir Joh Bjelke-Petersen to settle a defamation case and

an alleged threat to use his media staff against Australia's biggest investor, the AMP Society, also a strong critic of the Bond companies.

The Trihunal found that Mr

Bond deliberately gave false cvi-dence on the defamation matter and that the agreement to make the payment was itself improper. Its determination also said Mr Bond's threat to use his television staff against a commercial competitor was significant. "It is clear that one of the great risks for a person who controls such significant resources as television

and radio networks is to misuse them," it said. "The risk is twofold - the actual misuse of them and the perception that they could be so misused. We consider that the requisite standard of behaviour is that both risks should be

Analysts who believe Mr Bood may pull out of television say that the continuing had publicity associated with the case is arguahly more damaging than the heavy loss which would almost certainly be crystallised on such

At current share price levels, the market is valuing Bood's media assets at barely a third of

the A\$1hn-plus price he paid over two years ago to buy them from Mr Kerry Packer.

Although Mr Bond's Nine Net-work has remained the clear industry leader in Australia, it is difficult to see him selling the interests for more than a fraction

interests for more than a fraction of the purchase price.

In the strong bull market of 1987 Australian TV networks were geoerally changing hands at very high price/earnings ratios. The theory was that new eotrepreneurial owners, such as Mr Bond, would be able to work the assets more efficiently. In the event, they do not appear to have done so.

Another difficulty for Mr Bond in selling the octwork is a short-age of local buyers, as foreigners are barred station ownership under the Broadcasting Act. The market is generally dismissive of suggestions that Mr Packer is interested in getting back into

Further, the purchase of the hroadcasting assets involved the issue of A\$200m worth of Bond Media preference shares issued to Mr Packer, which are immediately redeemable if control of the media assets changes.

The market has speculated that if Mr Bood can find a buyer he might come np with a "face-saving" deal which would in some way avoid immediate and severe damage to his balance sheet. But given the Australian Stock Exchange's hard line on the proposed brewery sale, a deal of that nature would be hard to consummate.

Whatever the plan, there are no signs of Mr Bond's myriad dif-ficulties diminishing. Quite apart from yesterday's two Australian hombshells, he is still facing problems in offloading his Lonrho stake, currently worth some £314m, representing a loss of over £50m on the purchase price.

# Panel hears Gateway wrangles

By Nikki Talt in London

THE HOTLY-CONTESTED bettle for control of Gateway, Britain's third largest food retailer, yester-day became embroiled in a day of wrangling at the Takeover Panel, Britain's watchdog on bids. The debate is understood to

The debate is understood to have centred on the proposed valuation of the equity element in the cash-and-paper alternative being offered by Isosceles, the newly-formed company which is making a £2bn-plus (over \$3bn) bid for Gateway.

Isosceles confirmed over the weekend that it had asked Salomon Brothers, the US investment bank, to value the small equity element – known as the "stub" – and there had been hopes that this valuation could be published yesterday. It is understood to put a value equivalent to at least 30p per Gateway share on the Isosceles stub, and on this basis the cash-and-paper alternative would become worth at least 245p per

This compares with the 230p-a-share cash option from Isosceles. The rival bidder, a partnership of Wasserstein Perella, the US corporate finance house, and Great Atlantic and Pacific Tea Company, the fourth largest food retailer in the US, is offering 2370 in cash – although, unlike Isos-celes, it has not declared their terms final.

Yesterday, the WP/A&P partnership is understood to have questioned whether the new valuation of the "stub" — leaked to the weekend press — breached the Paral's replacement. the Panel's rules on "no increase" statements. Once an offer is declared final, an offeror is not normally allowed to amend the terms of its offer.

However, last night advisers to the WP/A&P camp seemed to accept that publication of the Sal-omon valuation would go ahead, whilst a rumoured appeal to a full Takeover Panel hearing already various brokers' forecasts There are various difficulties to valuing a "stub" equity element

in a highly leveraged company. The resulting valuation is sensitive to assumptions about future profit growth, disposal plans, the multiple at which the company is eventually floated, and the discount rate applied.

Shares in Gateway rose yesterday to 237%p, %p above the terms offered by WP/A&P, which were therefore unable to add to their 9.2 per cent stake. Isosceles their 9.2 per cent stake. Isosceles owns 37.6 per cent, but last week was claiming that parties acting to concert plus acceptances took the figure to 44.8 per cent.

Last night, Gateway also amounced that it has now dismissed the four directors of its

core Gateway Foodmarkets subis idiary who expressed support for the Isosceles plans. They had pre-viously been suspended. Lex, Page 20

## seamed unlikely. There are First listing for German buy-out

EX-CELL-O, the West German machine tool manufacturer, is about to become the first German company to be quoted on the stock market after a management

Following a DM109m (\$56m) share placing with domestic and foreign investors — the largest German new issue this year — a majority of Ex-Cell-O's voting stock is to be quoted in Frankfurt and Stuttgart on the Geregelte Markt (regulated market), which

covers small companies. The company was originally was bought by its management and institutional investors two years ago in what was then Gernany's biggest buy-out, worth DM100m. Although the manage-ment always intended to take Ex-Cell-O public, Mr Nicholas Ferguson, chairman of Schroder Ventures in London, said this was occurring faster than expec-ted. The buy-out was financed by bank borrowings and equity from Schröder's German and UK buy-out funds. Since then, Ex-Cell-O has benefited from a surge in European engineering orders its main customers are the motor and machinery sectors - closed down its loss-making UK operation and begun to expand in the US, where it is on the look-out for an acquisition to raise capacity.

The shares, 75 per cent of the total stock, are being offered at DM365 each for a price/earnings ratio of 16.6. Turnover this year should total DM205m against DM189m in 1988, with order books full enough to keep the company busy for over a year. Half its business is for export, with total new orders up by 17 per cent in the first five months of this year.

one of Ex-Cell-O's two managing directors, forecast good profits growth this year. In 1988, results were pulled down by DM11m of extraordinary costs, mostly for the closure of its loss-making English subsidiary. Net profits in 1968 were only

DM3.4m compared with DM2.5m the previous year, though operat-ing profits at the German operation were DM15m. Commenting on comparative skill levels, Mr Johann Remmers, a director of DG Bank which is leading the share consortium, said that the custom-made machines produced by Ex-Cell-O needed skilled labour that few countries other than Germany could match.

The share placement will involve 200 000 shares of which

involve 300,000 shares, of which 30,000 havs been allotted to Schroders for foreign investors. Another 15,000 are reserved for Mr Hans-Jörg Waldenmaier, . employees.

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# Davy shrugs off problem at West German plant

By Vanessa Houlder in London

DAVY Corporation, the UK engineering and construction group, increased pre-tax profits from £10.54m to £28.84m (\$45m) for the year to March 31, after shrugging off a technical prob-lem at a West German plant which slashed profits last year.

The results, announced yes-terday, were at the upper end of analysts' expectations and the share price rose 5p to 254p. Lord Jellicoe, chairman, said there had been an exhaustive review of the basic design of the West German flue gas desulphurisation plant, which led to last year's exceptional provision of £17.25m.

The group was now confident about the process, which had become more important with the growing world-wide concern over atmos-pheric pollution, he said.

Turnover increased by 21.6 incressed environmental er cent to £968.19m from awareness had benefited per cent to £968.19m from £796.28m last time. Profitability improved in all the main businesses, but lack of work meant that the offshore division continued to make a loss, albeit

reduced from £4.41m to £2.82m.

Mr Roger Kingdom, chief executive, said the division was expected to return to profit as a result of a £120m contract to provide a floating production facility for Sovereign's Emerald oil field in the North Sea A strong intake of North Sea. A strong intake of orders had continued and the forward workload had increased by 26 per cent to

He highlighted the impact of the UK Government's recently announced road building pro-gramme on Davy's construc-tion division. He also said that

Tampella to buy Italian packaging company

By Our Financial Staff

The Italian group consists of

out later.

CCC would produce about 130,000 tonnes of paper in 1989, about 14 per cent of domestic demand for corregated board. It would also produce about 130,000 tonnes of corrugated board and 60,000 tonnes of boxes, a market share of about 7 per cent, Tambella said.

share of about 7 per cent, Tam-pella said.

CCC and Tampella's packag-ing division, which has annual net sales of \$150m, will be able to co-operate in several fields, including product design and development and packaging systems automation.

Mr. Mario Caralli will con-

Davy's business concerned TAMPELLA, the Finnish with cleaning effinents and engineering and forest prod-nots group, is to acquire the Italian packaging company Carta Cartoni Cellulosa Group (CCC) for an undisclosed sum. providing clean air and water. Davy was looking at collaborative ventures in Continental Europe and was also planning substantial acquisitions for its The Finnish company said that the acquisition would services division which could

expand its geographical base give it a firm presence in the growing Italian packaging and range of services. Interest received totalled £5.68m against £5.15m last strengthened by a property revaluation, which helped increase consolidated net assets from 250m to 250m. three paper mills, two corregated sheet and box plants and a partly-owned box plant. Its annual net sales are about LI10bn (\$77.7m), Tampella said. Part of the deal will be paid for with an issue of up to 632,500 shares to CCC, with detailed terms to be worked out letter.

An extraordinary credit of 2.48m resulted from the profit on the sale of Davy's 49.2 per cent in Senelco, a manufac-turer of retailers' security tags.

# VNU sells three US magazines

By Laura Raun in Amsterdam

VNU, the Netherlands' largest publisher, announced yester-day that it had sold three electronics magazines in the US with a combined turnover of FI 50m (\$25m). The buyer is an unnamed US publisher of trade

However, in contrast to earher expectations, VNU said it would keep one magazine, Monthly Computing, because no potential buyer was willing to pay enough. Monthly Com-puting has a turnover of FI 55m, a circulation of 500,000

and it employs 50 people.

The Dutch publisher had intended to sell VNU Business Publications, its US subsidiary that runs the electronics trade journals. The disposal was aimed at allowing VNU to con-centrate on business information services in the US, busipublications in Europe and consumer magazines gen-

VNU refused to disclose the price of the three trade jour-nals — Electronic Design, Elec-tronic Magazine and Micro-

The sales will have no "nom-inal value" effect on the 1989 results, according to VNU. Last week the Haarlem-based pub-lisher bought three business information companies in the

 SNV, the Dutch energy and wholesale/retail goods concern, said yesterday that it is considering the disposal of a 12 per cent stake, worth around Fl 307m, that it has built up quietly in the food retailer Ahold over the past year.

systems automation.

Mr Mario Catelli will continue as managing director of the CCC group in Italy. Tampella said that the Catelli family's large stake in Tampella that would result from the deal would make further consecution waters or the consecution waters and the contract of the co operative ventures possible. Yesterday Tampella also announced pre-tax profits before appropriations of FM153m (\$35.2m) in the first four months of 1989, up from FM62m in the same period last year. Group sales jumped from FM1.38bm to FM1.78bm.

Henkel sees growth

HENKEL, the West German applied chemicals group, said it expected double-digit growth in turnover this year after sales rose by 12 per cent in the first five months, Reuter

reports.
The company also sinced to increase group net profit,

# BBL blows its' investors cover

he shadow of Mr Carlo De Benedetti, the Italian industrialist, was hanging over Banque Bruxelles Lambert (BBL) yesterday as shareholders gathered to vote through an important change in the company's statutes. As expected, a huge majority

agreed to the hoard's proposal that any investor who holds 8 per cent or more of the bank's shares will have to amounce them publicly in future. This is a new and disconcertingly unfamiliar transparency in a country known for discreet anonymity and conspicuous lack of disclosure.

Yesterday's extraordinary general meeting was a result of Belgium's new transparency leiginm's new transparency law passed on March 18, itself one of the consequences of Mr De Benedetit's spectacular — if unsuccessful — takeover bid for Société Générale de Belgi-que at the start of 1988. Then, to widespread amazement both inside and outside Belgtum, he was able quietly to build up an

was able quietry to build up an 18.6 per cent stake in the prized holding company.

The shock waves from the subsequent battle can still be felt in Belgian commercial, financial and political circles, and the new stake disclosure law is one manifestation of the strong desire that each a hitter law is one manifestation of the strong desire that such a hitter and unregulated stock market fight should never be repeated.

The law sets a disclosure threshold of 5 per cent for all Belgian public companies with capital above BF250m (\$6.13m) — roughly 160 enterprises in all, according to the Banking Commission.

However, BBL, in common with the chemical company UCB, is exercising the option to fix a tougher limit of 3 per

Banque Bruxelles Lambert has changed its rules to force shareholders with more than 3 per cent to declare their holding. Investors are manoeuvring to avoid this unwelcome spotlight, writes Tim Dickson

cent because, as Mr Jacques Thierry, its president, said yes-terday: "Our stock market capital is some BFr52hn, 3 per cent represents about BFr1.5on, and that seems to us to be a signifi-

cant amount of money."

Outsiders might wonder why Mr Thierry is so keen on BBL's independence and the "autonomy" of the Belgian banking sector, as he put it yesterday. After all, the bank was keen to point out that if employees are taken into account (between 5 and 8 per cent of the total), the

taken into account (between 5 and 8 per cent of the total), the group of "stable shareholders" sometimes referred to as the "syndicate" already control more than 50 per cent.

They include: Groupe Bruxelles Lambert (GBL), the holding company of Mr Albert Frère which is often wrongly confused with the bank, with 10.44 per cent Royale Belga 10.44 per cent; Royale Belge (effectively controlled by GBL), 9.58 per cent; the Italian institation SRH with 6.91 per cent; the Swiss insurer Winterthur with 4.09 per cent; and the UK's Merchant Navy Pension

Fund with 4 per cent. However, while BBL remains serene in public, the manage-meut probably shares the doubts of some analysts about

the solidity of this supposedly

The same analysts, mean-

safe shareholder core.

while, are waiting anxiously to see what happens on July 3 — the deadline fixed by the Banking Commission for shareholders in companies to notify their large stakes. (New stakes above 5 per cent must be noti-fied within two days to the Banking Commission and to the company, which must then publish the information through the Stock Exchange

through the Stock Exchange on the following day).

Among the companies which will be subject to close scrutiny are Petrofina, the oil company, and Tractebel, the energy and telecommunications concern. The two companies were subjects recently of what was in effect a share exchange between La Générale and GBL, and Tractebel has performed mysteriously strongly on the stock market in the last few weeks.

Other companies on the list will be the retailer GIB (formerly GB-Inno-BM) and the

merly GB-Inno-BM) and the small plastics company De Ceuninck, whose shares have been strong in a dull market. Although the new disclosure law may be proving good sport

for the brokers, it appears to be turning into something of a nightmare for the large mun-ber of individuals in Belgium (or "personnes physiques")
who have stakes above 5 per
cent in local quoted companies.

Under a special exemption clause they will be allowed for the next two years to make themselves known to the Banking Commission, which will, it they so desire, pass on the details of their holding anonymously to the comment in monsly to the company in

But that safeguard is due to run out in 1991 when Belgium comes into line with the relevant European Community directive. So individuals sur-ious about their cover being blown are understood to have been frantically contacting lawyers to Brussels to find out what they can do.

Apparently some are fright-ened of becoming kidnen tar-gets – in Belgium, many rich people deliberately adopt a modest lifestyle for fear of attracting attention. Others worry about the tax authorities morry about the tex authorities finding out too much about their affairs or precipitating feuds reminiscent of those in the liveliest episodes of the soap opera Dallas, as rival members of families discover previously well-disguised

Commission's avowed determination to get to the bottom of beneficial ownership, one broker commented yesterday: "I think there is a simple solution. Individuals will set up their own holding companies either in Belgium or abroad and I think the people behind them will be very difficult to trace."

## Indevo and Infina call off merger plan

By Robert Taylor in Stockhoim

A PLANNED merger between indevo, the Swedish management consultancy, and infina, the Swedish financial group.

has been abandoned. Indevo, which has its European headquarters in London, said that the main reason was "the projected pace at which the two companies intend to expand their international cambilities"

The company added that, although Infina intended to make its market base more international, it did not wish to commit itself now to the level of investment maintained by

companies have decided that "at least in the immediate future, the costs of rapid international expansion for a merged group would out-weigh the savings achieved by synergy between the two com-

Dr Bertil Sjögren, chatrman of Indevo, expressed his regret at the failure of the merger, which was planued as part of the company's strategy to cre-

ate a competitor to McKinsey and Co in management consul-tancy in western Europe. But he added: "We will not be changing our strategy. At the moment we are talking with companies in Britain, West Germany and France and we hope to have made deals with two of them before the end of

Also yesterday, Infina announced that it had reduced its profits forecast for 1989 from SKr150m (\$22.8m) to SKr100m.

# **ZCCM** posts 500% increase in profits

DESPITE falling levels of copper production, Zambian Consolidated Copper Mines has posted a net profit of ZKI.848bn (\$173m) for the financial year ended March 31, an increase of 500 per cent in local currency terms over the previous year's profits.

Fourth-quarter figures issued in Lusaka indicate ZCCM made a profit of ZK1.544bn on metal trading, compared with ZK727m in the corresponding quarter of 1988. Net profit for the quarter after tax and other charges

came to ZK914m. Total quarterly sales revenues increased 68 per cent to ZK6.011bn. ZXCM's huge jump in profits has been due not to increased production but to the steep rise in world copper prices and last December's devaluation of the

Zambian copper production has been severely affected by a number of factors. These include slamps due to time lost in over-burden removal in ZCCM's open-cast mining operations, the laying off of expatriate managerial staff as

a result of a ZCCM "Zambianisation" programme, a deterio-ration in mine and machine maintenance and a shortage of foreign exchange for vital

spare paris.

During the third quarter, a period of world record copper prices, Zambia was anable to sell 22,000 tomes of produced copper because of bottlenecks in its railway system.

Copper production for the

fourth quarter of 1988-88, at 110,712 tonnes, was 6,579 tonnes lower than in the corre-sponding period of 1987-88.

Total copper production for the financial year was 415,648 tonnes, 57,439 tonnes lower than the previous year. Aiming at a total annual pro-duction of 500,000 tonnes, ZCCM fell short of target by 17

per cent. ZCCM's cobalt production, at 1,233 tonnes for the fourth quarter, was 9 per cent lower than in the corresponding quarter in 1967-68; lead produc-tion, at 1,264 tonnes, was 10 per cent lower, while zinc production, at 3,182 tormes, was 36 per



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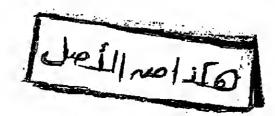
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June 1989



#### INTERNATIONAL COMPANIES AND FINANCE

# US farmers set for shopping spree

Deborah Hargreaves on the upturn in demand for farm machinery

Entering Mr. Boh Entering Mr. Boh on Chicago's booming futures markets. The strong markets have boosted farmers' income, in spite of last year's croptogether to replace his 26 year old loader tractor. But as his crops sixtled in the ways 188. crops siziled in the worst US. drought in 50 years, he began to wish he had never bought it and to wonder how he would

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meet the payments.
Mr Hutcheson is represente tive of a swathe of farmers tive of a swathe of farmers across the hidwest who were pulling themselves out of the farm recession last year, only to be highly disugnity of the day weather set back the recovery in the farm equipment industry, as drought stricken farmers delayed purchases and defaulted on payments.

ers delayed purchases and defaulted on payments.

However, these same farmers are now counting on higher commodity brices to pay for replacements to their ageing enginement and tractor sales are booming.

Mr John McCinty, an analyst with First Boston, says the drought was the best thing that could have happened to US farmers. The dry summer led to a huge drawdown in government stored crops, removing a stockalle that had long depressed the grain markets. This meant farmers who sealed a reasonable crop of who had stain in storage could sell at much higher prices.

In addition, farmers have extended their acreage this year by about 25m acres and many have locked in jo high prices in advance by hedging.

in motion. Mr McGinty says the indus-try recovery that started in 1987, when land prices finally. bottomed out, was only tempo-rarily halted by the drought

rarily halted by the drought and is now set to continue. He estimates a 20 to 30 per cent rise in demand for large tractors, and combine harvesters time year.

The Farm Equipment hastitute in Chicago says last year's sales of farm equipment ended up just about on a per with 1987, after what had started out as a more promising business year.

Even last year's drought depressed market showed a healthy increase from the darkest days of the farm recession. From 1973 to 1982 the US

From 1973 to 1982 the US industry sold about 59,000 large tractors; last year alone it sold

17,000. Farm machinery output was at its highest level for three years last year, when it rose 14 per cent to 42,385 units. This has bolstered low dealer invenhas bolstered low dealer inven-tories in time for an expected sales rush this year. However, farmers such as Mr Hutcheson are still wary, and adverse weather still affects parts of the combell.

Mr. Don yan Howling, who runs a Deere dealership in Perry, Jown, says his custom-ers are stall holding off from

An official at Deere – the industry leader – said the company had seen some hesitancy among farmers at the beginning of the year, but equipment sales showed strong increases in demand by April and May as farmers realised they were not going to experi-

drought.
By the end of last year, the By the end of last year, the average age of US farm equipment had cleen to a past war high of between 12 and 14 years — in the past farmers had replaced their vehicles when they were between six and eight years old. At the same time, with old machinery farmers have little depreciation farmers have little depreciation to write off against tax, and equipment purchases offer an attractive tax shelter for their

he pick-up in demand has seen equipment-makers actually raising some list prices for machinery for the first time in 10 years, putting an end to the cut-throat competition that has recently characterised the industry.

industry.

The heavy discounting that had set farm equipment industry leaders on a fierce battle for market share has abated in

buying hig replacement items to see if early summer rainfall is enough to replanish their sub-soil moisture.

An official at Deere — the industry leader — said the industry leader — said the at 52 per cent market share, up from 42 per cent in 1987. The company has reported a rise of 15 per cent in first-half earn-ings, which were buoyed by North American farm equip-

Analysts estimate that Analysis estimate that Deere's per share income for the year will increase to between \$5.50 and \$5 from last year's \$4.31, which followed a loss in 1987.

In response to the strength it sees in the market, Deere has increased its second-half world-wide new decides by 13 per cent

wide production by 13 per cent compared with last year, with farm equipment accounting for all the additional output. In the dismal days of the recent past, equipment makers were prodi-cing virtually to order as demand dried up

Farmers are also being encouraged to renew their old fleet with a new range of equipment being marketed by both Deere and Case. In spite of some initial resistance to new vehicles, for which prices are often 5 per cent higher with no discount, the new generation of tractors and combines is being received enthusi-

for market share has abated in today's strouger markets. In addition, Tenneco's JI Case division — Decre's main rival — is under pressure to turn in bought anything new."

"I think farmers were looking forward to this," says Mr Peter Evinghouse at the Farm Equipment Institute. "It's a long time since they bought anything new."

-AMI suffers

in earnings

AMERICAN Medical Internat-

ional, the troubled Los Angeles-based hospital man-

Angeles-based gospital man-agement group, yesterday unveiled a sharp fall in quar-terly earnings, due partly to its sale of 36 acute care hospi-

AMI, which is studying sev-

sharp fall

By Anatole Kaletsky in New York

# Jella 1160)

This announcement appears as a matter of record only.

AmeriGas, Inc.

a wholly owned subsidiary of

**UGI Corporation** 

has sold its

**Industrial Gases and Carbon Dioxide Divisions** 

**BOC Group PLC** 

The undersigned initiated this transaction, assisted in the ungotiations and acted as financial advisor to AmeriGas, Inc. and UGI Corporation.

**Drexel Burnham Lambert** 

June 1989

Humberside

The Financial Times

proposes to publish this

survey on:

7th July, 1989

For a full editorial

synopsis and advertisement

details, please contact:

**Hugh G Westmacett** on 0532 454969

Fax: 0532 423516

or write to him at:

Permanent House

The Headrow

Leeds

LS1 8DF

**FINANCIAL TIMES** 

# Curb on KLM's role in NWA

By Laura Raun in Amsterdam

KLM ROYAL Dutch Airlines, which is involved in a \$4.05bn tender offer for Northwest Air-lines; will own about 10 per cent of the US sixting but will have only 4.5 per cent of the voting rights if the bid suc-

ceeds.

KLM is putting up \$400m as part of the offer led. by Mr. Alfsed Cecchi, a Los Angeles investor. Eventually it could increase its ownership to 30 per cent and voting rights in \$44 per cent according to Mr. Leo van Wilk, KLM's vice president for corporate development.

This could be achieved by converting part of KLM's oreconverting part of KLM's pre-ferred shares into common shares, Mr van Wijk explained yesterday at a conference on European aviation in Amster-

preferred shares and \$100m

preferred shares and \$100m into common stock. In return it should get one seat on the 13-member board of management of NWA, the parent of Northwest. Airlines.

The Dutch flag carrier is keen to link up with Northwest in flight routes, customer service, marketing and freight activities. In turn it will provide the prestige of its name and the benefits of its wallet. It is willing to put up more money with less courted because it badly wants the Northwest link and because it is constrained by US law, under which foreign control of a US company but apparently not financial ownership—is limited to 25 per cent.

is limited to 25 per cant.

Kiders IXL, the Australian brewer, is also involved in the offer and thus

not exceed 25 per cent.

KLM can afford the Northwest stake and also a \$50m, 20 per cent share in Belgium's Sabena without borrowing, according to Mr van Wijk. The Datch strike has a seah hard-

according to Mr van Wijk. The Dutch airline has a cash horde of around film, he confirmed.

The flag carrier, which is 39 per cent owned by the Netherlands Government, is also talking to some Asian airlines about possible co-operation in that region.

The deal is subject to approval by the US Department of Transportation.

If the offer succeeds, it would deal a damaging blow to Pan'Am, which was offering to take over NWA to ensure the survival of its Pan American World Airways subsidiary.

Pan Am said it hoped NWA would consider its offer if the Checcin bid floundered.

AMI, which is studying several boy-out and restructuring proposals worth around \$2bm each, said it earned a net \$21.1m or 30 cents a share in its third fiscal quarter which ended on Hay 31.

This compared with \$33.7m or 41 cents the year before. Revenues fell to \$720m from \$812m last time. included a \$20.4m pre-tax ben-efit for an adjustment in malpractice insurance pro-visions, but this was more than offset by a \$9m addit-ion to the legal expenses 'reserve and \$12.8m in asset

The earnings also included a pre-tax loss of \$2.9m from an information systems subsidiary acquired in March. The net effect of all these adjust-

ments was to reduce net earn-ings per share by 4 cents, the company said.

In the first nine months of fiscal 1989, AMI earned a net \$63.5m or 56 cents a share, against \$125.4m or \$1.17 the

AMI's board is studying two AMI's board is stinying two buy-out proposals. One after for \$24 a share or \$1.7bn comes from Clayton Dubitier, a leading New York leveraged buy-out boutique, which is act-ing in concert with Dr M. Lee Pearce, a wealthy Miami phy-steian who sits on the AMI board.

board.

Another bid, said to be worth \$27 a share, was made two weeks ago by Mr Brian Freeman, a New Jersey investment banker acting on behalf of AMI's employees.

Other groups, including Mr Sidney Bass, the billionaire investor from Fort Worth, are also said to be preparing proposals. A partnership led by Mr Bass is the biggest single shareholder in AMI. The board has sat this Thursday as the deadline for all bids.

Sears sets time for HQ move

SEARS, Roebuck, the US stores group, will move from its Sears Tower headquarters in Chicago to the suburb of Hoffman Estates in the city in the next two-and-a-half to three years, AP-DJ

Earlier, the group said it had narrowed the field to four in the bidding for its 110storey headquarters tower, the world's tallest build-

ARREY NATIONAL RUILDING SOCIETY GD£ 129,900,000 shordinated Floating Rate Note due 1995

Notice in hereby given that for the interest Period from 20th June, 1986 to 28th September, 1980, the Nose will Gerry a Rate of interest of 14,65% per sometic. The smount of interest psycholo-ce 20th September, 1988 with the GEC.

Agené Buric Del-Ichi Kangyo Bank (Luxembourg) S.A.

# Petrobras may freeze 1989 investment

By John Barham in Sao Paulo

Consolidated net profit in 30 per cent a month and if the economy sinks into recession all consumption will decline. oil company, has said it will 1988. freezh its investment budget at Mr \$2bn this year unless the Goveroment permits retail price increases for its products.

dam. KLM is putting \$300m

The company had planned to invest \$3.2bn in 1989. It has already spent \$1bn, leaving a further \$1bn for the second half under the freeze. Mr Carlos Pinto, a Petrobras official, said. "The cuts are necessary because we are losing too

much money."

He explained that the Government was trying to control inflation by holding down the prices of all state-owned companies' products. Petrobras says it is losing \$120m a month. It earned a \$300m

Mr Pinto said: "Now, with these cuts, we are expecting the Government to review our situation and give us a profit margin for our products. The cuis have fallen on the

company's exploration, produc-tion and refinery budgets. The trimmed exploration and pro-duction budget – cut by 60 per cent to \$341m – now means that Brazil may have to increase oil imports in

1989.
Petrobras says it is not sure how much more off it will import and that much depends on national economic performance in the second haif.
Inflation is elimbing towards

economy sinks into recession oil consumption will decline. However, it already seems likely that domestic output will remain unchanged at 598,000 barrels a day, instead of eaching a planned 700,000. In March, the central bank forecast that Brazil would spend \$8.8bn to import 639,000 barrels a day, equivalent to half the national consumption. Petrobras had planned to

Petrobras had planned to increase its refinery capacity to 1.6m barrels a day by 1992. Budget cuts may impair this strategy as well, since the company has gradually cut refinery investments from the \$60m it had planned in January to \$150m.

## Alcan Aluminium Limited (formerly Aluminian Company of Canada, Limited) NOTICE OF EARLY REDEMPTION

to the holders of 15%% Debentures due 1992

NOTICE IS HEREBY GIVEN, pursuant to the description of the Debentures and to the terms of a Trust Deed dated as of July 15, 1982 between Alcan Aluminium Limited (formerly Aluminum Company of Canada, Limited) (the "Corporation") and The Royal Trust Company (the "Trustee"), that the Corporation will on August 15, 1989 (the "Redemption Date") redeem the whole of its presently outstanding 15%% Debentures, due 1992 (the "Debentures") by payment in lawful money of the United States of America to the holders thereof of the redemption price stipulated in the conditions attaching thereto, namely, 102% of the principal amount thereof plus accrued and unpaid interest to the Redemption Date.

Payment of the redemption price will be made to the holders of the Debentures against surrender of the Debentures at the office of the Principal Paying Agent or of any of the Paying Agents listed below, together with the interest coupons pertaining thereto maturing after the redemption date. The face value of any missing unmatured coupons will be deducted from the payment.

The Royal Trust Company, Montreal

Principal Paying Agent
Swiss Bank Corporation, Basic The Royal Trust Company, Montreal

of the Debentures fail to present their Debentures on or before August 15, 1989 or fail to accept payment of the redemption moneys payable in respect thereof or give such receipt therefor, if any, as the Trustee may require, then the said redemption moneys shall be set aside for any such holder with Swiss Bank Corporation. Such setting aside shall for all purposes be deemed a payment to any such holder of the sum so set aside; and to that extent the said Debentures and coupons shall thereafter not be considered as outstanding. The said Debenture-holders shall have no other right except to receive payment out of the moneys so set aside upon surrender to Swiss Bank Corporation of their Debentures and coupons. Notice is further given that interest in respect of the Debentures will cease to accrue from and after the Redemption Date. All Debentures so redeemed shall forthwith be cancelled

The funds required for the payment of

the redemption price will be deposited on

or before August 15, 1989 with Swiss Bank

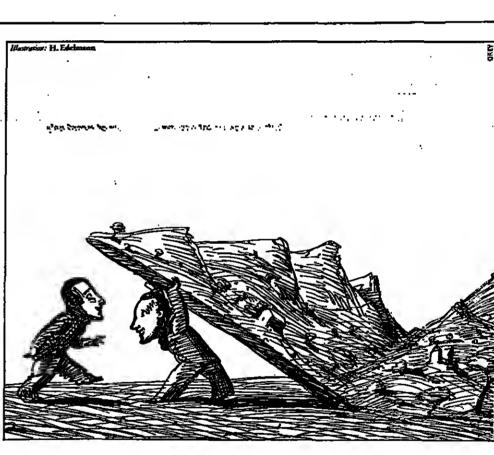
Corporation. Should any of the holders

Paying Agents: Barclays Bank plc, London Citibank, N.Y., New York

Deutsche Bank AG, Frankfurt/Main Montreal, June 23, 1989

P.K. Pal Secretary





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#### FUTURE OF EUROPEAN CAPITAL MARKETS

The Financial Times proposes to publish a Survey on the above on

**July 3rd 1989** 

For a full editorial synopsis and advertisement details, please contact:

Richard Willis or Gillian King

on 01-873 3699 or 01-873 4823 or write to him/her at: Number One, Southwark Bridge London SE1 9HL

or contact your local FT Representative

FINANCIAL TIMES

# SCHERING drugs group

Schering Aktiengesellschaft Berlin and Bergkamen

Notice to Shareholders to accept Bonus Shares (Security Code No. 717 200)

The Annual General Meeting of the above-named Company, held on 14th June, 1989, resolved, among other things, to increase the issued share capital of the Company from DM.283,060,600 to DM.297,213,630 by capitalising DM.14,153,030 of the revenue reserves shown in the Company's annual behance sheet as at 31st December, 1988. The capital increase will be carried out by issuing new ordinary bearer shares with a nominal value of DM.50 aach, which will be offered to the shareholders in e ratio of 20: 1. The new shares are emitted to dividend as from 1st January, 1989 and also rank pari passu in all respects with the existing Ordinary Shares of the Company. This decision to increase the capital has been recorded in the Commercial Register at the District Courts in Charlottenburg and Kamen.

Wa call upon our shareholders to accept the bonus shares by presenting the dividend coupon No. 53 on their existing shares as from 3rd July, 1989, during the usual business hours, at the head offices or branches of one

In the Federal Republic of Germany and Berlin (West):-

BHF-BANK Berliner Handels- und Frankfurter Bank Berliner Commerzbank AG Deutsche Bank Berlin AG Commerzbank AG Deutsche Bank AG Bayerischa Vareinsbank AG Berliner Bank AG Delbrück & Co. Dresdner Bank AG Dresdner Bank Barlin AG Sparkasse der Stadt Berlin West Trinkaus & Burkhardt KGaA Vereins- und Westbank AG M. M. Warburg-Brinckmann, Wirtz & Co.

in Switzerland:-

Credit Suisse Union Bank of Switzerland s Bank Corporation

in the United Kingdom;-

S.G. Warburg & Co. Ltd. Paying Agency, 2 Finsbury Avenue London EC2M 2PA

The shareholders are entitled to bonus shares of DM.50 each on the basis of one new share for every twenty shares held. If the number of shares held cannot be divided by twenty, fractional rights are created (Sec. Code No. 717 206). As no shareholders' rights can be exercised in respect of these fractional rights, they either have to be sold or their number has to be increased so that one new DM.50 share can be received. The banks mentioned above will, as far as possible, arrange for the purchase and sale of the fractional rights. The bonus shares are issued with dividend coupons Nos. 54-70 and talons. They have the same security code

number (717 200) as the existing shares. Where shares are held in jacket custody or giro-transferable collective security deposit by a bank, no action is required on the part of shareholders, if fractional rights arise, however, shareholders are asked to issue instructions to their depositary bank with regard to the purchase or sale of fractional rights.

Wa are legally entitled and obligated to sell those bonus shares which are not claimed by shareholders within a period of 12 months of the publication of this notification in the Bundesanzeiger (Federal Gazette), for the eccount of the shareholders, after a notification is issued three times and a year has passed since the publication of the third notification.

The bonus shares are, by virtue of law, officially quoted on the stock exchanges in Berlin, Dusseldorf, Frankfurt (Main), Hamburg and Munich, and approved on the regulated market at the stock exchanges in Bremen, Hanover and Stuttgart. They will, like the existing shares, be good delivery as from 3rd July, 1989. As from the sama date, the existing shares will be quoted as "ex-bonus shares" on the aforementioned stock exchanges The bonus shares will be listed on the stock exchanges in Basie, Geneva, London and Zurich according to local

No commission will be charged to shereholders for issuing the bonus shares. The company will pay the customary customer commission arising upon the issue of the new shares. The depositary banks are asked to contact any of the above-mentioned issuing banks regarding the refund of the commission. The customary banking commissions will be charged for the sale and purchase of fractional rights.

Notice to the holders of Warrants under the 674% 2-Bond Issue with Warrants 1983/90 of Schering International Finance B.V., Weesp/Netherlands (Security Code Nos. 717 207 and 471 819)

Through the decision taken on 14th June, 1989 to increase the share capital of Schering AG by capitalising reserves in a ratio of 20:1, the conditional capital is, in accordance with § 218 of the Joint Stock Compenies Law, increased in the same ratio as the share capital.

According to § 6 (4) of the Conditions of Warrants, the warrant-holders' night to subscribe to shares is increased According to § 6 (4) of the Conditions of Warrants, the warrant-holders' night to subscribe to states is increase in the same ratio. Thus, taking account of 216 (3) of the Joint Stock Companies Law, the subscription in Ight for shares is increased by 1/20th, which means that one warrant giving emittenent to subscription to one DM.50 share now gives entitlement to subscribe to one DM.50 share, as well as to a 1/20th fraction of a DM.50 share. The changed right will apply as from 20th June, 1989. Fractional rights arising from the share capital increase by way of capitalisation of reserves will not be made available when the subscription right is exercised. for the account of the warrant-holder upon the exercising of the subscription right having become effective. The

ds will be made available to the warrant-holder 6 3 of the Conditions of Warrants. Bertin and Bergkamen, June 1989

The Board of Management

## INTERNATIONAL COMPANIES AND FINANCE

# W German buys Toho of Japan

By Stefan Wagstyl in Tokyo

BOEHRINGER MANNHEIM, a West German pharmaceuticals company, has agreed to buy Toho Pharmacentical Industries, a Jepanese drugs concern, in a rare corporate acquisition by a foreign company in

Japan. Both companies are pri-Both companies vately owned and the purchase not disclosed. Toho value was not disclosed. Toho Pharmaceutical will be merged with Böhringer Mannheim Japan, a Japanese subsidiary of the West German group, and the combined company will be called Böhringer Mann-heim Toho. It will have amusal sales of about Y11bn (\$79.5m). The new company will specialise in drugs and services for the treatment of cardiovascu-lar diseases, metabolic disor-

ders and timeours.

Böhringer Mannheim also has a separate joint venture agreement with Yamanouchi Pharmaceutical, a large Japanese drugs company. The deal with Toho was co-ordinated by Nomura Wasserstein Peralla, a mergers and acquisitions company established last year by Nomura Securities and Wasserstein Perella, the Wall Street acquisitions group. ders and tumours. Street acquisitions group.

#### Telco profit soars 160% to Rs700m

By R.C. Murthy in Bombay

TATA ENGINEERING and Locomotive Company (Telco), India's second-largest private sector company, hoisted net profit 160 per cent in the year to March 1989.

The truck maker's net profits advanced to Rs700.3m (\$43.4m) from Rs269.5m on sales up by a fifth to Rs16.76bn from Rs14.02bn. Profits before tax and depreciation surged by 26.7 per cent to Rs1.87bn (Rs1.48bn). Teleo consolidated its lead-

ing position in the country's light commercial vehicle mar-ket with a 23 per cent share ahead of Jepanese competi-tion. It is still the top heavy truck manufacturer, with more than 80 per cent of the market. Mr Ratan Tata, who succeeded Mr S. Moolgaokar as chairman last December, says the focus in future will be light commercial vehicle marsuch as passenger cars. The recent liberalisation of industrial licensing means truck makers are able to produce other types of four-wheeled

Telco raised its dividend by Rs2 to Rs25 per Es100 share. This is on enhanced capital of Rs1.04bn (Rs650m) after e free-scrip issue last year. Shares jumped Reso to Reso on the Bomhay Stock



casting Tribunal in the Bond

Inquiry.

The issue now to be determined is the application of our decision on facts to the statutory requirement that a licensee be a fit and proper per-son to hold the licence.

The tribunal licences corporations, not individuals. At the outset there is, therefore, e question to be resolved con-cerning the relationship between certain individuals. The notice of inquiry sets out the licensees at present the

subject of this inquiry, and each of the licensees is a wholly owned subsidiary of Bond Media. According to the information available to the tribunal at the time of finalising this decision, the relevant shareholding is as follows: snareholding is as follows: Bond Corporation Holdings, through its wholly owned sub-sidiary, Bond Corporation, directly owns 45.4 per cent of Bond Media. Bond Corporation Holdings holds a further 7.4 per cent of Bond Media shares through other wholly owned subsidiaries. Mr Bond, through his family company, Dalihold Investments, holds approximately 58 per cent of Bond Cor-poration Holdings shares, Dal-ihold Investments itself holds 122 per cent of Bond Media. Mr Alan Bond owns 99.9 per cent of the shares of Dallhold

Mr Bond is e director of Dalihold investments and the executive chairman of Bond

executive chairman of Bond Corporation Holdings. Counsel for Mr Bond submit-ted that we should look at the licensee as a corporate struc-ture and exclude from our con-sideration the role Mr Bond plays as the major shareholder.
The snhmission is that, although Mr Bond has the major shareholding, he does not control the licensee com-

pany, the directors do.

We accept the submission of
Mr Gyles that any finding as to fitness and propriety must be related to the licensee. In assessing that quality, however, we consider that, due to the nature of his shareholding an assessment of Mr Bond's personal fitness and propriety is relevant in determining the issue as it affects each of the

licensee companies.
In addition to the above concept, we are also of the view that Mr Bond's position within the corporate structure does enable him to initiate and involve himself in manage-ment decisions which affect the broadcasting activities within the group. Mr Bond's personal intervention in the defamation matter with Sir Joh It follows that in determin-ing this issue, we consider it appropriate to look at the activities of Mr Bond in terms of the overall test of fitness and propriety, to enable us to come to a decision in respect of

come to a decision in respect of the licensee companies.

Mr Bond remains, by virtue of his association with the licensee companies, the only relevant individual in the sense that consideration of his fitness and propriety is rele-vant to the question of fitness and propriety of the licensees.

We now set out a summary of the findings of fact, all of which we consider relevant to the licensees' fitness and proees' fitness and pro-



Sir Joh Bielke-Petersen

OMr Bond agreed to pay the Premier of Queensland, Sir Joh Bjelke-Petersen, A\$400,000 to settle his defamation claim, not believing that that sum was justified by that claim alone, but believing that, if he did not settle at that figure, the premier might harm his interests in the State of Queen-

•Mr Bond sought to disguise the true amount agreed to be paid, in the belief that a sum in excess of \$50,000 could not survive public scrutiny; Mr Bond deliberately gave misleading evidence to the Australian Broadcasting Tribunal in 1986 in relation to the events of January and Febru-ary, 1986, and in relation to the nature of the meeting with Sir Joh Bjelke-Petersen on 17 Feb-

ruary, 1986; •Mr Bond deliberately gave false evidence to the Austra-

'Although Mr Bond has the major shareholding, he does not control the licensee company, the directors do' counsel for Mr Bond the tribunal

matter, we have found that Mr Bond's agreement to pay A\$400,000 was in itself improper. The fact that Mr Bond, a major media propri-etor, was prepared to person-ally negotiate such a payment on the terms that he did does not exhibit an appreciation of the proper relationship between those with control of media interests and govern-

Apart from the diminution of public confidence, in the broad sense, there are particular concerns which revolve around the issues of journalistic indendence and the integrity of the service.

Mr Bond's subsequent attempts to disguise the agree-ment and payment involve improper behaviour of a more fundamental and damaging nature. An attempt at such nature. An attempt at such deceit, driven, as it would appear to be in this case, by expediency, does not exhibit qualities which we would expect to repose in the character of a fit and proper person.

The duty of candour is an important plank in the scheme of the regulatory mechanism. It is, perhaps, too little understood that it is the fulcrum in a balance which, if properly attended to, has benefits for both the regulator and the regulated. Trust is the basis of the

A heavy responsibility rests on us in the determination of a standard of behaviour which does or does not meet the test

The person who has the power to appoint the directors has the overriding control

of the company' counsel for lian Broadcasting Tribunal in this inquiry in relation to his motivation for making the offer to Sir Joh Bjelke Petersen at the meeting of 17 February, 1986, and in relation to the

telex of 2 January, 1986, which was relevant to a determina-tion of the date by which agreement had been reached between Mr Bond and Sir Joh Bjelke-Petersen; oMr Bond threatened to use his TV staff to gather informa-tion on a business competitor (the AMP Society) and to expose the competitor by show-ing the results on television. In considering the concept of a "fit and proper" person, it is clear from the authorities referred to that there is no relevant management and financial capability to operate

many other areas of indge-ment, the guidelines seem to be prescribed by the circum-stances of the case and the particular activity or role under We have no doubt, however, that this concept is one that is relevant to matters outside financial, technical and man-agement capabilities and is one that connotes something of moral judgement and assessment of values. Qualities of character are also inherent in this notion. The relevance of

exhanstive definition. Like

these aspects is, in our view, related directly to the purpose

of being a fit and proper licensee. There is no doubt in our minds that the function carried out in satisfying our-selves about the fitness and propriety of licensees is a funcintopriety of homsees is a nunction primarily directed towards the community's interest in securing, as licensees of these valuable resources, persons who exhibit sufficient quality of character and judgement to render them appropriate, in the community's view, to have the privileges and benefits which the use of such resources undoubtedly brings. This requirement is distinct from the other statutory

the service.
The finding, in relation to Mr Bond's action regarding the threat to use his television staff against a commercial competitor is also significant. It is clear that one of the great risks for a person who controls such significant resources as television and radio networks is to misuse them. The risk is two-fold — the actual misuse of them and the perception that they could so be misused. We consider that the requisite standard of behaviour is that both risks should be avoided.

> All these Bonds having been sold, this announce ment appears as a matter of record only.

interests, dealing) with reporting settlement of all defama-tion matters, the establishment of a compliance division and the appointment of a chairman of stature not associated with Mr Bond, Dallhold Investments or Bond Corporation Holdings

The defamation settlement in this inquiry was made known to the tribunal at the QTQ hearing. The manner in which the tribural was misled and the impropriety of the payment itself are the relevant matters which have only a minor relationship to the question of whether the vehicle for the payment was a defamation

suit.
The establishment of a compliance division does not ensure Mr Bond's personal pro-priety. The compliance with the standards generally has not been an issue in this

inquiry. The present chairman of Bond Media, Mr Warren Jones, was quite adament in his evidence that he was at odds with Mr Bond over aspects of the payment and his position did not prevail. We do not see how this proposal significantly

affects Mr Bond's control... Mr Bond undertekes to ensure within a specified time frame that a majority of the directors of Bond Media, as well as its chairman, are persons who are not otherwise associated with him, Dallhold Investments or Bond Corpora tion Holdings. He also under-takes not to use for his pur-poses or for any commercial purpose the staff or any other resources of Bond Media licensees, other than on usual com-

mercial terms.
Finally, he undertakes not to interfere or seek to interfere with the selection and/or pre-sentation of any news and current affairs programmes of any of the Bond Media licensees or cause Bond Media to hreach the tribunal's programme stan-

dards. We do not propose to exercise our discretion in the man-ner proposed in the submis-sion. Apart from the reasons so far set out, we consider that the scheme proposed does not address the fundamental issues in the findings we made.

In relation to Mr Bond, we consider that he would not be found to be a fit and proper person to hold a broadcasting

The relationship between Mr Bond and the licensee compa-nies is relevant to a consideration as to whether we can be satisfied that the licensee is no longer a fit and proper person to hold the licence. For the rea-sons set out, we find that the licensee company is no longer e fit and proper person within the terms of ... the Broadcast.

ing Act. Consequent on this finding, two matters arise for immedi-ete consideration. First, the desirability of joining other desirability of joining other related inquiries. Second, to indicate that we are presently minded to refer to the Federal Court several questions of law which appear to us to arise under — the Broadcasting Act. In respect of the desirability of joining other related inquiries, the tribunal will be providing detailed information to the parties and connsel assisting ties and connsel assisting which is relevant

standard of behaviour is that both risks should be avoided.

Two sets of undertakings were proposed (by the Bond

All these Bonds having been sold, this announcemant appears as a matter of record only.

# Fiat Finance and Trade Ltd.

DM 100,000,000 8 3/4 % Bonds due 1992 - Private Placement -

interest and principal payable at issuer's option in Can-\$

guaranteed by IHF-Internazionale Holding Fiat S.A. Lugano, Switzerland

> WESTDEUTSCHE LANDESBANK GIROZENTRALE

SCHWEIZERISCHE BANKGESELLSCHAFT (DEUTSCHLAND) AG

CREDIT LYONNAIS SA & CO (DEUTSCHLAND) OHG

**DAIWA EUROPE** (DEUTSCHLAND) GMBH

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK

ISTITUTO BANCARIO SAN PAOLO DI TORINO KREDIETBANK INTERNATIONAL

MITSUBISHI BANK (DEUTSCHLAND) GMBH MORGAN STANLEY GMBH

# WestLB Finance Netherlands B.V.

Amsterdam, Netherlands

DM 150,000,000 8 1/2 % Bonds due 1994

interest and principal payable at issuer's option in US-\$

guaranteed by

Westdeutsche Landesbank Girozentrale

> WESTDEUTSCHE LANDESBANK **GIROZENTRALE**

BANK BRUSSEL LAMBERT N.V.

**BAYERISCHE VEREINSBANK** AKTIENGESELLSCHAFT

CSFB-EFFECTENBANK

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DRESDNER BANK AKTIENGESELLSCHAFT MORGAN STANLEY GMBH

#### INTERNATIONAL CAPITAL MARKETS

# Tokyo to relax rules on Japanese Eurobond issues

By Stefan Wagstyl in Tokyo

THE JAPANESE Ministry of Finance has aunounced plans to relax rules on Eurobond

to relax rules on Eurobond issues by Japanese companies, to enable them to sell their paper more freely inside Japan.

The ministry is planning to abolish a regulation which bars Japanese issuers from selling more than 50 per cent of a public new issue to domestic Japanese investors or tettier oversess affiliates.

Bankers in Tokyo doubted

whether the moves would have much immediate impact on the market. The present regula-tions were often evaded so the ministry's abolition of the 50 per cent rule would merely regularise the existing situa-tion.

The requirement to file reports on issues destined for the home market would add to the cost of any deal, but it would not necessarily be a bur-den for larger 'companies which could take advantage of

a shelf registration system for bonds introduced last year. In a further move to relax the regulations, the ministry intends to allow companies to register and carry out bond issues on any day rather than limiting registration to three set days a mouth.

However, the ministry will from now on require issuers selling new stock in Japan to file disclosure reports similar to those currently filed for domestic issues.

# London broker in French move

By Katharine Campbell

A. LONDON money broking operation has launched a service which will initially cover a sector of the French Treasury markets, it aims to service an informal co-operative that standily growing international co-operative an informal co-operative that standily growing international co-operative that standily growing international co-operative growing international co-operative growing international banks which are clients of Babcock & Brown (KW).

It argues that, in spite of geographical proximity the the steadily growing interest among City institutions in French and other European bond markets.

bond markets.

KWG Securities, a division of the newly merged Babcock & Brown (KW) money broking group, itself part of financial services conglomerate York Trust Group, will service clients wishing to deal in French Treasury notes (BTANs). There are plans to extend the cover-

an informal co-operative arrangement with Grel, a French broker specialising in government bonds, which allows access to up-to-date prices via an electronic link to Grel's Paris dealing rooms.

geographical proximity, the French bond market has been under-utilised by London-based firms as a result of poor com-munications.

Grel's Paris dealing rooms.

Transactions, bowever, will be effected over the telephone.

The new division will act only as a broker and will not be involved in any position-taking on the firm's own behalf.

KWG Securities expects ini-

#### FT INTERNATIONAL BOND SERVICE

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enupse, competitive Bonds: Descriptanted in dollars onless otherwise indicated. Chg. day = Cleange on day. One date = First date of conversion into shares. Can. price = Hominal ambunt of bond per share expressed receivency of share at conversion rate fixed at teste. Prem = Percentage premalem of the convention rate fixed at teste. Prem = Percentage premalem of the convention rate fixed acquiring shares via the bond over the most recent price of the share.

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#### FT GUIDE TO WORLD CURRENCIES

Column	The table below gives	the latest a	available rat spt. where ti	es of exchai	ige (rounded) a va to be other	against four key currenci rwise, in some cases m	ies on Mond arket rates	lay, June 26 have been o	, 1989 . In s calculated f	ome cases the rom those of	rate is nominal. Market foreign currencies to u	t rates are t	he average of are tied.	f buying and	i selling rates
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Ecuador (Socre) 763.306 584.967 259.8180 361.0574 Monsterrat (Earr S. 1905 28.9450 594.9190 280.2728 390.1149 Monsterrat (Colon) 7.72 4.9967 25541 3.5894 Moramblese (Colon) 7.72 4.9967 2554 7.712 4.168 1.9256 0.6637 0.9224 Moramblese (Colon) 7.72 4.9967 256.912 7.72 4.100 7.103 7.1255 1.275 3.316770 1.5964 Moramblese (Colon) 7.72 4.9967 2.2956 1.2936 1.2935 0.6637 0.9224 Moramblese (Colon) 7.72 4.9967 2.2956 1.2936 1.2935 0.6637 0.9224 Moramblese (Colon) 7.72 4.104 1.2950 0.725 1.2936 1.2936 1.2935 0.6637 0.9224 Moramblese (Colon) 7.72 4.104 1.2950 0.725 1.2936 1.2935 0.6637 0.9224 Moramblese (Colon) 7.72 4.104 1.2950 0.6637 0.9224 Moramblese (Colon) 7.72 4.104 1.295	Denmark (Dasish Kroner) Djiborti Rep (Djib Fr) Dominica (E Čarrib Si Dominican Rep (O Peso)	11.7700 275,00 4.1905 9.9483	7.6181 177.9935 2.7122 6.4390	3.8941 90,9842 1.3864 3.2914	5.4114 126.4367 1.9266 4.5739	Mexico (Mexican Peso) Migoelan (Local Fr) Menaco (Franch Ed	3844.50a 3799.30d 10.2550	2488.3495 2459.0938	1271.9602 1257.0057 3.3928	1767.5862 1746.8045 4.7149	United Kingdom (C) United States (U.5.5)	1.00 1.5450 891.17	1	0 5111	0.4597 0.7103 409.7333
Example   Corporation   Corp			508.2847 549.1909	259,8180 280,7278	361.0574 390.1149	Mongolie (Tugrik) Montserrat (E Carr S) Morocco (Oirham)	5.2077 4.1905 13.36	3.3706 2.7122 B.6472	1.7229 1.3864 4.4201	2.3943 1.9266 6.1425	Vanuatu (Vatu)	179.00			
Prince (F) 10.2950 6.3375 33.928 4.7149 [Higher law   1.025	El Salvador (Colon) Equat' I Guinea (CFA Fr) Ethiopia (Ethiopian Birr)	7.72 512.75 3.1904	2.0649	169.6443		Mamibia (S A Rand)	4.2823	2.7717	1 4140	1 0690		1	37.8205	19.3326	26.8656
Fr. Csylafrice (CFA Fr) 512.75 331.8770 169.6443 255.7471 169.643 255.7471	Farce is (Danish Krones)	11.7700 2.3380		2 2308	0.4597 5.4114 1.0749 3.1126	Nepal (Repaire Ripee) Netherlands Gulider) N'nd Antilies (A/Gulider) New Zealand (NZ S) Niceranus (Cardoba)	2,6495	2.2055			Virgin is-US (US \$)	1.5450	1	0.5111 0.5111	0.7103 0.7103
Saholi (CFA Fr) 512.75 331.8770 169.6443 235.7471	France (Fr) Fr. Cty/Africa (CFA Fr) Fr. Galana (Local Fr) Fr. Pacific is (CFP Fr)	10.2550 512.75 10.2550 186.00	6.6375 6.6375 120.3883	3.3928 3.3928 61.5384	4.7149	Norway (Nor. Krone)	11.0325	7.1407	169.6443 3.7444 3.6501	235.7471 5.2034 5.0724	Yessen (Rini) Yessen PDR (Dinar)	15.05 0.5323	9.7411 0.3445	4.9793 0.1761	6.9195 0.2447
	Sahari (CFA Fr) Samble (Datas) Germany East. (Oslmaric) Germany West. (Dhark) Ghana (Crel)	512.75 9.6224 5.0225 3.0225 415.80 1.00	331,8770 6,2280 1,9563 1,9563 269,1262 0,6472 169,1585	3.1835 1 137.5682	235.7471 4.4240 1.3896 1.3896 191,1724	Pakistan (Pak Ruper) Panama (Balboa) Papua New Guinea (King)	32.00 1.5450 1.3425	20.7119 1 0.8689	10.5872 0.5111 0.4441	14.7126 0.7103 0.6172	Zaire Rep (Zaire) Zambia (Kwadra)	578.75 16.20	374.5954 10.4854		

note rate; (c) Commercial rate; (d) Controlled rate; (e) Essential Imports; (g) Financial rate; (ii) Exports; (f) Non commercial rate; (g) goods; (m) Market rate; (o) Official rate; (o) preferential rate; (d) Convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist to parallel parts; (d) Convertible rate; (d) Exports; (d) Convertible rate; (d) Exports; (d) Exports; (e) Tourist to parallel parts; (d) Exports; (e) Tourist to parallel parts; (d) Exports; (d) Exports; (d) Exports; (d) Exports; (e) Exports; (f) Exp

# TRADE INDEMNITY

THE CREDIT RISK MANAGERS



01-739 4311

CREDIT INSURANCE

This advertisement is issued in accordance with the requirements of the Conduit of The lancommonal Secret Exchange of the United Kingdom and the



# A. & J. Mucklow Group plc (regiseered in England, number 717658)

Issue by way of placing of £30,000,000 11½ per cent. First Mortgage Debenture Stock 2014 at £99.107 per cent.

Application has been made to the Council of The Stock Exchange for the whole of the Stock to be admitted to the Official List. Listing Particulars in relation to the Stock will be circulated in the statistical services of Extel Financial Limited, Copies may be obtained, during normal business hours on any weekday, from the Company Announcements Office of The Stock Exchange up to and including 28th June, 1989, and up to and including 12th July, 1989 from:

A. & J. Mucklow Group plc Haden Cross, Halesowen Road, Cradley Heath, Warley, West Midlands B64 7JB.

S.G. Warburg & Co. Ltd. 2 Finsbury Avenue, London EC2M 2PA.

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NOTICE OF PREPAYMENT



#### Caisse Nationale de l'Energie («CNE»)

ECU 50,000,000 1134 % 1983-1995 **Guaranteed Bonds** Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

The Republic of France

In accordance with paragraph 6 (c) of the Terms and Conditions of the Bonds, notice is hereby given that CNE will prepay, on the next Interest Payment Date, i.e. July 29, 1989, the total amount remaining outstanding of the above-mentioned Bonds, at 102 % of their nominal amount.

Payment of interest and premium due on July 29, 1989 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Bonds. Interest will cease to accrue on the Bonds as from July 29, 1989.

Luxembourg, June 27, 1989

The Fiscal Agent KREDIETBANK S.A. LUXEMBOURGEOISE



was decease product that the Color

#### THE CANDOVER 1989 FUND

£319,000,000

**Limited Partnership Interests** 

for investment in the equity of buy-out ransactions in the UK and Continental Europe

> The undersigned have arranged the private placement of these interests with a group of international investors

Kleinwort Benson Incorporated

Cazenove & Co.

Thornton Investment Management Ltd.

Household Bank f.s.b. U.S. \$100,000,000

Collegeratized Floating Rate Notes due June 1996 For the three months 26th June, 1989 to 26th September, 1989 the Notes will carry an interest rate of 9.65% per amoum with an interest amount of U.S. \$1,233.06 per U.S. \$50,000 principal amount. The relevant interest sayment date will be 26th

eptember, 1989. Lated on the Lunembourg Stock Ex



BRISTOL & WEST

BUILDING SOCIETY Floating Rate Notes Due 1993

Interest Period

24th July 1989 Interest Amount per

£5,000 Note due 24th July 1989

£340.46

19th January 1989

Credit Suisse First Boston Limited Agent Bank

#### INTERNATIONAL CAPITAL MARKETS

# Gilts hold steady despite a shake-out for sterling

By Stephen Fidler in London and Karen Zagor in New York

A STEEP fall for the pound failed to induce turmoil in the UK government bond market. In spite of intervention by the Bank of England, the currency fell through 90.0 on its tradeweighted index, a level widely

#### GOVERNMENT BONDS

expected to trigger yet another officially sanctioned rise in British interest rates.

But although it closed at 89.7. and dealers remain pessi-mistic about sterling's fundamental strength, they said that technical shortages of govern-ment bonds prevented the mar-ket from collapsing. Dealers and investors are afraid to go short in the market because of the sharp rises triggered by relatively small orders, particularly ahead of today's UK trade

The market seemed little affected by the deliberations at the European summit in Madrid, largely because the talks were not expected to result in the rapid joining by Britain of the exchange rate mechanism of the European Monetary Sys-

The benchmark issue of 2003-07 finished about & point down at 110%.

■ ACTIVITY in most European bond markets was eclipsed by that in the US, which seems at last to have uncoupled itself from the fortunes of the dollar. In France, the market which

tends to react most strongly when the US Treasury market rallies, gains of between 5 and 10 centimes were made. The French market is seen as hav-ing more potential than many to make progress if bond mar-kets rally.

	Coupon	Red	Price	Change	Yleid	Work ago	Monti
UK GILTS	13.500	9/92	104-27	-8/32	11.64	11.53	11.20
	9.750	1/98	94-08	-8/32	10.80	10.69	10.37
	8.000	10/06	93-16	-4/32	9.75	9.65	9.38
US TREASURY *	9.125	5/99	106-13	+ 17/32	8.17	8.34	0.00
	8.875	2/19	108-04	+ 19/32	8.14	8.32	8.63
JAPAN No 111	4.600	6/98	95.0735	-0.114	5.42	5.52	5.48
No 2	5.700	3/07	105.0987		5.15	5.20	5.11
GERMANY	7.000	2/99	102.0000	+0.250	6.70	6.72	6.96
FRANCE BTAN	8.000	1/94	96.8576	+0.232	8.84	8.91	0.96
OAT	8.125	5/99	96.8400	+0.260	8.60	8.65	8.82
CANADA *	10.250	12/98	105.6250	+0.625	9.34	9.48	9.76
NETHERLANDS	7.000	3/98	99, 1000	+0.125	7.13	7.13	7.47

Technical Data/ATLAS Price Sources

12.000 7/99 92.0195 +0.781 13.48 13.85 13.93

■ West German government deterring investors.

bond market prices ended the day a touch firmer, rising at the most by 10 pfennigs, with uncertainty about the dollar The longer-term fundamental picture for the German market has also become a

cause for some concern, with estimates of gross national product growth having been revised upwards.

In addition, there is the pos-sibility that German trade unions will seek aggressive pay settlements in forthcoming

wage negotiations.

A new Federal bond issue is expected to be announced by next week, but no announcement has yet emerged.

■US TREASURY prices contin-ued to press upwards on the back of a stronger dollar yes-terday afternoon in spite of the

absence of any economic news.
The debt market was also
encouraged by a string of
releases last week, which
pointed to a softening in the US economy. In the early afternoon prices

wera as moch as ¼ point higher. The Treasury's bench-mark long bond was quoted if

point higher at 1082, yielding 8.13. The Fed did not enter the market and Fed funds were 91/4 per cent at midsession.

Bonds were supported by a strong dollar, which was above the Y140 mark in New York the Y140 mark in New 1012 throughout the morning in moderate trading. In the early afternoon the US currency was trading at Y140.80 and DM1.9425 late on Friday in

New York.
The dollar's rapid rise from mid-May until last week had been one of the primary factors behind the bond market's hig rally. When the dollar fell sharply last week, bonds were able to continue their rise thanks to encouraging news about slower growth and weaker inflation.

weaker muziton.

Analysts anggest that the prospect of further gains for the dollar augurs well for a coutinuing bond market rally.

#### PAKISTAN

The Financial Times proposes to publish this survey on:

3 JULY 1989

For a full editorial synopsis and advertisement details, please contact:

#### SARAH PAKENHAM WALSH on 01-873 3238

or write to her at:

Number One Southwark Bridge London SEI 9HL

**FINANCIAL TIMES** 

#### Dutch to trade DAF options

By Our Financial Staff

OPTIONS in DAF, the Dutch truck maker 16 per cent owned by the Rover car group of the UK, are to become the latest options to trade on the Euro-pean Options Exchange, the Dutch traded options market based in Amsterdam.

Trading in DAF options is dne to get under way this morning and if the buoyancy of DAF shares since they were floated through an international share issue earlier this month is any guide, business on the EOE could be brisk.

Expiration months for the new options with an underly-ing value of 100 DAF shares mg value of 100 DAF shares are July and October of this year and January 1990. Exer-cise prices are Fl 50, Fl 55, Fl 60, Fl 65 and Fl 70. DAF shares were massively oversubscribed when floated earlier this month, with inves-

tors putting in applications for FI 16.8bn (\$7.7bn) of shares. Dutch investors, not bazzed from using multiple applica-tions, were especially active in bidding for the Fl 843m of

The shares were offered at Fl 47, but have traded at

# Austrian bank deal reopens Canadian dollar sector

THE CANADIAN dollar sector of the Eurobond market, which has been barren of new issues since mid-May, was reopened yesterday with a 10-year deal for Oesterreichische Kontrollbank AG. The C\$150m AAA-rated issue, guaranteed by the Republic of Austria, carries a coupon of 10% per cent and

#### INTERNATIONAL BONDS

was priced at 101% for a spread of 62 basis points over compa-rable government paper at launch, J.P. Morgan was lead

The issue was said to have met with a warm reception, with bonds seen quoted on browith bonds seem quoted on ho-kers' screens late in the day at less 1.70 per cent, well inside the 2 per cent fees. While the Canadian dollar has held within a 2 cent range

of the US dollar for the past six months in spite of the dollar's impressive gains, the sector has suffered from an excess of paper on underwriters books'

for the past few weeks.

But in the 10-year sector
Canadian dollar yields have
not eased recently as much as
those in the US, so that
spreads between government bonds of the two countries in that maturity have become

FT-ACTUARIES SHARE INDICES

quite attractive. Yesterday, at . the time of the issue's launch, the spread was about 126 basis points, the widest seen in some

AUSTRALIA

Also well received was the debut issue in the Eurodollar bond markets for the City of Kobe, guaranteed by the government of Japan and lead managed by Bank of Tokyo Canital Markets (Bott). The Capital Markets (BoT). The \$150m 10-year issoe carried a coupon of 8% per cent and was priced at 101.60 per cent to yield 55 basis points at launch

The issue traded at a discount to issoe price of as little as less 1.63 per cent, well inside full fees of 2 per cent.

Dealers described the pricing as somewhat generous given

the spreads on other Japanese government-hacked paper such as Japan's Exim Bank -which was offering a more modest 50 basis points over Treasuries.

New South Wales Treasury Corp lannched a A\$70m tranche of 10-year Eurobonds intended to be fully exchangeable with an existing A\$1.142bn of the same securities, most of which were issued in the domestic market. Lead manager Bain Securi-ties noted that the issues,

which unusually for the Euro-

over comparable US Trea-

**NEW INTERNATIONAL BOND ISSUES** Barrower US DOLLARS City of Kabe Sanrio Co.(b)++ 2/14 Bank of Tokyo Cap.Mits 24/12 Yamaich) Int. (Europe) CANADIAN DOLLARS 2/14 J.P. Morgan Sect. 16% 101% AUSTRALIAN DOLLARS
New Sth Wales Treasury(c) 21/11/2 Bain Securities 88.575 70 112 1999 NEW ZEALAND DOLLARS 101.90 14/4 Fay, Richwhite PRENCH FRANCS 101% 151 1996 13/14 Credit Lyonnais SWIBS FRANCS KLM(a) • YE Data Inc.(a)§ • D-MARKS Radex-Herabith Ind.(d)\*\* 116 1995 24/12 Doutsche Bank 114.863 101 5 101 4 13/14 Shenraon Lehmen Hutton 13/1 Bankers Trust Int. 1.8125 Senwa Int.

##Private piscement, 6With equity warrants, \$Convertible. \$Final terms, a) With bond warrants (excreise period 4/8/89-20/7/99, Can be exercised into bond with same terms but per issue price. Non-caltate, b) Coupon cut by \$5% from indication. c) Exchangeable into domestic issue at any time, d) Each DM1,000 has 14 warrants, each warrant entiting holder to purchase 1 bearer share worth Asch100, d) Coupon cut by \$5% from indication. Yield to put 4.251%(indicated 4.262%), f) Launched with one tranche of Y7bn and one of Y3bn - both linked at redemption to Nikkel stock index. g) Coupon linked to Nikkel stock index.

9 per cent and priced at 101%

markets carry semi-annual coupon payments, could be traded and cleared through Euroclear. The bonds carry a coupon of 11% per cent, but are priced at a discount of 88.575 per cent for an effective

EQUITIES

per cent, Crédit Lyonnais was lead manager. The securities are priced to yield 35 basis points over 9.8 per cent governyield of 13.63 per cent. Denmark tapped the French franc market, launching a FFribn seven-year two-month

ment bonds doe 1996.

KLM, the Dutch airline which is 39.4 per cent government-owned, launched a SFr200m 12-year bond with debt warrants attached, with Eurobond carrying a coupon of Union Bank of Switzerland as

lead manager. The securities carry a coupon of 5% per cent and are priced at 102.

Each SFr5,000 of bond carries a warrant to purchase an equivalent amount of paper at par. UBS quoted the securities at less 1% per cent although other houses quoted the bonds at a wider discount of as much as less 1% per cent.

#### **HEREFORD &** WORCESTER

The Financial Times proposes to publish this survey on:

14th July, 1989

For a full editorial synopsis and advertisement details, please contact:

> Anthony G. Hayes on 021-454 0922

> or write to him at:

George House George Road Edgbaston Birmingham B15 1PG

**FINANCIAL TIMES** 

#### LONDON MARKET STATISTICS

EQUITY GROUPS		Mone	lay Ju	ne 26	1989		Fri Jun 23	That Jun 22	Juo 21	Year ago (approx
& SUB-SECTIONS			Est. Earnings	Sross Civ.	Est. P/E	zd adj.				
Figures in parentheses show number of stocks per section	Index Na.	Day's Change %	Yield% (Max.)		Ratio (NeU	1989 to date	Index No.	Index Na.	Index No.	Index No.
1 CAPITAL 60005 (206)		+0.1	18.89	4.07	11.27	14.74	959.89	969.63	966.97	762.60
2 Building Materials (29)	1184.59	-45	12.04	4.37	19.29	22.32	1198.75	1207.03		
3 Contracting, Construction (37)	1630.71	-0.1	14.15	4.29	9.27	30.72	1648.82	1451.29		
4 Electricals (9)	12.000.21	+0.3	8.32		14.83 15.04	50.60		2875.13 2245.27		
5 Electronics (31)	537.14	+0.1	8.62 10.01	3.13	12.29	23.92 1.04	531.14	532.42		
6 Mechanical Engineer(ng (54) 8 Metals and Metal Forming (7)	517 21	-0.3	19.37	5.79	5.69	5.62	519.73	571.28		
G Motor (17)	328.07	+8.2	11.33		18.36	6.83	327.58	321.18		277.6
9 Motors (17)	1621 39	+0.5	9.21	4.24	12.67	26.35	1614.24	1622.37		
21   CONSUMER GROUP (187)		+0.3	8.92	5.64	14.02	17.98	1237.19	1242.44		
22 Arewers and Oistillers (22)	. 1359.29	-0.1	18.07	5.59	12.48	19.41	1351.85		1348.76	
251 Food Manufacturing (20)	12099.71	1 +4.3	9.22	3.80	13.57	17.13			1094.82	988.9
26 Food Retailing (15)	2369.57	-4.4	0.45	5.19	15.53	25.59			2398.08	
27 Health and Household (14)	2280.83	+1.6	6.50	2.61	17.46	21.50			2245.43	
29 Leisure (33)	1650.62	p	7.79	3.43	16.25	22.05	1651.07	166L.19		
51 Packaging & Paper (15)52 Publishing & Printing (19)	561.74	-43	10.34	4.37	12.23	8.15	543.44	566.50		514.6
52 Publishing & Printing (19)	3558.35	-0.5	8.65		14.39	71.68		229976		
34 Stores (34)	814.34	+0.4	11.16			14.98	811.16	816.62		
55 Teatiles (15)	537.51	+0.5	10.98		10.90	13.42		538.45		
40 OTHER GROUPS (93)	1136.65	+0,8	18.03		12.13	13.55			1136.22	
41 Agencies (17)			7.04 10.89	2.29 4.55	17.52 18.83	14.91 26.38	1413.26		1493.36 1292.42	
42  Chemicals (22)		+1.0	18.20	4.92	11.55	20.16	1641.71		1684.05	
45 Transport (15)	2450 07	+0.0	8.57	3.46	15.16	59.22	2440.68		2440.57	
47 Telephone Nelworks (2)	1109.02	+1.6	11.25	4.48	11.53		1098.54		1188.68	989.1
48 Miscellaneous (27)			9.57	3.39	11.47		1652.92			
49 INCUSTRIAL GROUP (486)			9.78	3.98	12.61	16.18	1154.62			969.7
51 Oil & Gas (14)			18.15		13.09	51.14		2081.50		
59 500 SHARE INCEX (500)	1238.29	+0.3	9.83		12.67		1232.26		1236.27	
61 FINANCIAL GROUP (124)				5.38		17.62	731.10	734.42	735.84	793.9
62 Banks (8)			24.60		5.34	21.71	724,40	731.47	734.92	672.8
65 Insurance (Life) (8).	1052 31	-0.1	27.00	5.64	324	29.86			1962.73	
66 Insurance (Composite) (7)				6.29	l _ '	16.75	547.09	568.95	568.82	549.1
67 Insurance (Brokers) (7)			7.87		17.09	51.63	954.85	961.12		1822 5
68 Merchant Banks (11)	328.72		-	4.73	_	5.93	328.75	329.57	328.90	359.5
69 Property (52)	1316.28	-0.2	6.31	2.90	28.21	15.98	1318.73	1315.70		
70 Other Financial (31)	. 353.95	-9.7	11.60	6.89	10.97	8.82	356.37	359.09		383.0
71 Investment Trusts (70)		+0.6	-	2.83	_	14.25	1152.48	1150.87	1148.46	995.7
B1 Mining Finance (2)	664.66		8.68		12.83	10.45	663.96	668,45		
91 Overseas Traders (B)	1321.28	-0.2	11.46	5.61	9.98	55.07	1324.39		1303.63	
99 ALL-SHARE INDEX (704)	. 1114.48	+0.4	-	4.25	-	10.33	1109.89			954.2
	Locies	Can's	Day's	Day's	Jua	Jun	Jun	Jen	Jun	Year
	No	On age			23	22	21	20	19	390
FT-OF 100 SHAPE INDEXA	2770 4		2183 2				2272 1			

	FIX	ED !	NTE	REST	Г			AVERAGE GROSS REDEMPTION VIELDS	Mon Jun 26	Fri Jun 23	Year ago (approx.
	RICE NOICES	Mon Jun 26	Oay's change	Fri Jun 23	xd adj. today	xd adj. 1989 to date	1 2	Brilish Gavernment Low 5 years		10.08	9.38 9.50
1 5 2 5 3 6 4 1	British Government 5 years 5-15 years Iver 15 years rredeemables	139.71 161. <del>9</del> 8	+0.03 -0.10 -0.14	116.91 129.20 139.85 163.19 127.92	0.35  8.99 0.14	5.96 6.96 7.09 7.32 6.73	9	25 years   5 years   5 years   5 years   5 years   5 years   25 years   16 years   5 years   17 years   17 years   25 years   17 y	11.19 10.12 9.65	9.43 11.20 10.12 9.64 11.33 10.32 9.81 9.41	9.26 9.87 9.70 9.50 9.95 9.85 9.85 9.49
b 5	odex-Linked years over 5 years	135.63 131.95 132.12	-0.85	135.63 132.01 132.17	-	1.36 1.88 1.82	12	Index-Linked	3,89 3,81 3,10 3,64	3.88 3.01 3.09 3.63	2.79 3.07 1.77 3.70
_	ebentures & Loans	112.90		112.82	-	5.91		Delts & 5 years Loans 15 years 25 years	12.00 11.67 11.35	12.38 11.73 11.30	10.84 10.81 10.77
0 P	reference	87.61		87.61	-	3.10	18	Preference	10.32	10.32	9.59

38	8 Z		Figo.	- T		Seri.	Classing Police	<del>) w</del>	Det.	Threes Cord	G-ess These	P.E. Ratio
<b>8140</b>			17		eAlm Pad	59	173	-3	125	2.6 2.8	20	20.0 13.5
1952 - 28 - 25 - 25 - 25 - 25 - 25 - 25 -	BERESEE BE		·] 김	199	eAlm Pad eAlles eBall (A.H. eBournere) Botier Cox	) 5p	蓝	٠.	142 142 148 152	18	303597284167	114
175	1		.1 20	1 16	Betier Con .		176		148	25	27	19.0
P 47	12	23)	27	200	DAF N.V.F	House Grp 11	273	**	14 B 14 5 162 5 193 5	19514574	41	115 177 902
8		:		3	Domdon Tys	1.5 arms (Hidgs Sp. arms (Hidgs Sp. arms (Hidgs Sp. arms (Sp. arms	40	•	UO.75		1.7	50.2
30	F.P.	:	i	認	of auto Tra	day 50	135	+2	6.46 4.5	24 15 31	4.8 4.9 3.4	10.3
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BRITISH TELECOM added a touch 2.105 contracts out of the market total of 25,359, although by 2.30pm it had not reached the 360

The business in ST was led largely by opening of interest in the puts in the August and November 200a, the first of which saw 651 contracts, and an opening of position of 657 contracts to 3,965, while the second saw 815 contracts and an opening of 805 to 3,665.

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(\*519) CET. (\*250 )

in the option on the stock, and on the call side a teature was a gain of 300 contracts in open interest terms to 680, on the back of trad-ing of 400 contracts. Total busi-ness was divided into 559 calls and 1,546 puts. The price of the share on the underlying market gained 5p on the day to 269p.

Osmou op on are day a comOverall market business was spilt between 13,825 calls and 11,534 puts. Dealings in the FT-SE 100 index option reached appreciably more than 25 per cent of the day's total market dealings, on 5,689 contracts, comprising 2,199 calls and 3,490 puts.

The index itself rose 12.1 points on the day to 2,179.8, in spite of

the weakness of sterling in the foreign exchange market and the upward movement in short-term sterling interest rates. The fact that there were appreciably more puts than calls in the index option was coloured by there being a greater expansion of open interest on the call side than on the

On the call side, there was a gain of 909 contracts to 47,977 in the number of exercisable conthe number of exercisable con-tracts, and on the put a gain of 501 to 59.448. The main concen-tration of business on the put side lay in the 1,864 contracts handled in the June 2,160s, an amount which brought a fail of 36 con-tracts on the open put position.

### UK COMPANY NEWS

# Second half pegs **Berkeley Group** to 25% increase

BERKELEY GROUP, the specialist housebuilder and commercial developer, lifted taxable profits 25 per cent from £17.7m to £22,11m in the year to April 30. Turnover in the period advanced 51 per cent to £139.05m.

However, Mr James Farrer, chairman, said that, as he had foreshadowed in his interim statement, the second half had statement, the second half had seen a slower growth rate in sales. Despite this, residential building lifted profits to £21.23m (£15.75m) on turnover up 47 per cent to £135.29m (£92m). This compares with the rise of 75 per cent achieved in the first six months.

\_Commercial development.

contributed £813,000 (nil) on turnover of £3.75m (nil). The joint venture companies again, increased their contribution, from £1.18m to £3.01m, interest receivable and similar items fell to £219,000 (£1.26m). After tax of 27.89m (£6.31m),

earnings increased to 34.2p (28.2p). The directors have proposed raising the final dividend to 3p (2.5p) to make 4.5p (3.5p) for the year.

#### All divisions help Wyndham rise to £3.2m

Wyndham TGroup the Cardiff-based property investment, vehicle distribution financial services and engineering company, saw taxable profits leap from £1.29m to 13.2m in the year to March 31. Mr Brian Brownhill, chair-man, said that all divisions of the group had produced results ahead of their respec-tive budgets.

The group's net worth had more than doubled to £22.5m over the period, he added, rep-resenting a net asset value of 401p per share. Wyndham shares closed at 337p yester

Turnover expanded £19.37m to £33.15m. Earnings per 15p-share rose to 51.6p (35.5p) and the total dividend is raised to

Mr Farrer said that the rise in interest rates, the ending of double mortgage relief and the sharp rise in house prices in 1987/88 had caused a slowdown in the housing market, especially in the south where the company's business is concen-trated.

·However adverse economic conditions, the company achieved satisfac-tory results in all its operations, with good figures from Clare Homes, Berkeley Homes, Berkeley Homes (Kent) and Berkeley Homes (Sussex). Mr Farrer said that he viewed the immediate future with some caution and would continue to do so until there a reduction in interest rates and a return to confidence in the housing market.

Even though the group's forward sales were at a lower level than at this time last year, he believed that the action taken, coupled with the commitment to current trad-ing, tight financial control, strong cash flow and experi-enced management, all put the group in a strong position.

#### **Fletcher King** profits rise 39% to £2.9m

Fletcher King commercial estate agency and surveyor, reported a 39 per cent increase from £2.06m to £2.88m in pretax profits for the year to April 30,1989.

Turnover rose 45 per cent from £5.77m to £8.4m and after tex of £1.06m (£767,000), earnings per 1.00 ordinary came out \$1 per cent higher at 21.5p (16.4p). The proposed final dividend is increased from 4.75p to 6.3p making a total of 10.6p (7.25p). The figures included a first

Howard Associates. Mr David Fletcher, chairman, sald that its profit projections were He added that despite the recent rise in interest rates no slackening in husiness had

## It's all a matter of balance

The Taylor Woodrow team has pulled successfully together for nearly seventy years.

Continued profit growth, year after year, has come from real in-depth strength in each of our core businesses.

We have become a leading property company with a balanced international portfolio covering all sectors and

providing a growing stream of profits.

In house building, Taylor Woodrow has successful and expanding operations in the U.K., U.S.A., Canada, Australia and Spain.

And as one of Britain's leading construction groups wedesign, manage and build a wide range of projects including some

of the world's most demanding contracts. Added to all this is our growing strength in minerals and trading.

The key to our success lies in teamwork, a balance of businesses and depth of skills and experience.

There's a lot more strength behind our famous logo than meets the eye.



# A STRONG PERFORMANCE FROM A POWERFUL TEAM

**TAYLOR** WOODROW

Taylor Woodrow Group, 345 Ruislip Road, Southall, Middlesex UB1 2QX

Supporting Free Enterprise

This information has been approved by Touche Ross & Co., who are amborised to carry out Investment Business by the Institute of Chartered Accountants in England and Wales.

## more than doubled

TAMARIS the nursing home and rehabilitation centre operator, more than doubled its pre-tax profits from £109,019 to £269,562 in the year to March

There was a turnround in interest, with £25,970 receivable this time, against £262,521 payable last. Turnover was up from £1.88m to £2.15to, although other operating income fell from £66,259 to £2.382.

2. ....

In line with last July's fore-cast, a dividend of 2p has been recommended. There was an extraordinary credit of £125,427, which relates to Lifecare — £91,704 recovered from the liquidater of one of its sub-eidiaries, and £23,723 of released provisions found to be unnecessary. Taking these items as extraordinaries forced earnings, at the hasic level, down to 0.54p (1.54p) per share. Adjusted, they were 1.63p.

#### IAWS profits decline by 13%

IAWS, the Irish agricultural concern whose shares were placed on the USM in Dublin last November, saw interim profits for the six months to March 31 decline almost 13 per cent to 192,88m (\$2,53m) from

£3.31m. Turnover for the period was up from £72.51m to £113.52m, tax took £175,000 (£150,000) and minority interests £100,000 (£30,000) leaving earnings of 3.4p (4.7p) for a 1.9p interim dividend.

#### John Swan advances to £317,000

John Swan & Sons, livestock auctioneer and estate agent,

Institutions take 24% Summer stake

The shares were owned by the vendors of Cranbrook Training and Recruitment, the secretarial training company, which Summer acquired in 1968. Summer's shares closed

year ended March 31 1969, on turnover up from £19.24m to £24.45m.

A final dividend of 2.5p (3.75p) was proposed, making 5p for the year, unchanged on the 1988 total.

After a substantially increased tax charge of 2262,000 (£84,000) earnings per 292,000 (234,000) earnings per 20p share stood at 17.6p (18.1p). The company is currently quoted on the Third Market and hopes to seek a listing on the USM early in 1990. Gross profit stood at 24.48m (52.32m) desired by administra

tive expenses sharply increased to £2.08m (£1.52m) and distribution costs up to



Nationwide Anglia Sorts

**Anglia Building Society** 

£150,000,000 Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is bereby given that the rate of interest for the three month period 23rd June, 1989 to 25th September, 1989 has been fixed at 14.205 per cent per annum. Coupon No. 12 will therefore be payable on 25th September, 1989 at £3,658.27 per coupon from Notes of £100,000 nominal and £182.91 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd. Agent Bank 

against 2204,472 ear turnover the pear ended April 30 1989.

A single final dividend of 12p (10.5p) is proposed, with earnings per share standing at 39.9p, up from 20.6p.

The current year had started per well, with cattle prices firm, its but much depended on the prices for store cattle this autumn, the company said.

A stake of around 24 per cent in Summer International, the training and education group, has been placed with institutional investors at 92p per

2p higher at 102p.

### Unit Group expands by 28% to over £1m Unit Group, the UK's largest manufacturer of wooden pallets for industry, achieved a 28 per cent rise in pre-tax profit from 2816,000 to 51.04m for the

(£3.36m), dented by administra-

Number One Southwark Bridge London SEI 9HL

**CORPORATE FINANCE** 

The Financial Times proposes to publish this

survey on:

12th July 1989

For a full editorial synopsis and advertisement

details, please contact:

DAVID REED

on 01-873 3461

or write to him at:

**FINANCIAL TIMES** 

#### CHEMICALS INDUSTRY

The Financial Times proposes to publish a Survey on the above on

11 JULY 1989

For a full editorial synopsis and advertisement details, please contact:

**DENIS CODY** 

on 01-873 3301 or write to him at:

Number One, Southwark Bridge London SE1 9HL.

**FINANCIAL TIMES** 

# Gestetner shows 29% advance to top £16m

equipment group, yesterday announced a near-29 per cent rise in pre-tax profits from £12.6m to £16.2m for the six months to April 30.

Sales increased 7.6 per cent to £216.9m (£201.5m), or by 16 per cent after adjustments for discontinued activities and cur-

The company announced that it expected to make one or two major acquisitions within the next two years.

Mr Greg Melgaard, deputy chairman, said that the deals — which could more than dou-ble the size of the business would not necessarily be limited to office equipment. How-ever, they would involve distriserving a similar customer

GESTETNER, the office per cent, after increasing from equipment group, yesterday 6.8 per cent to 7.8 per

Mr Basil Sellers, chairman, said that all major subsidiaries were now operating profitably. In particular, progress had been made in the US and the UK, which had returned to

Attention would now be focused on working capital management, which could be cut from 27 per cent of sales to 23 per cent, he said. Profits in the second half

were expected to be at least as good as those achieved in the first half.

The geographical breakdown of trading profits was as follows: UK £4.2m (£2m); other EC countries £8.3m (£7.4m); rest of Europe £700,000 (£1m); North and Sonth Americe £3m Trading margins came close (£2.lm) and Africa, Asia and to the group's stated goal of 8 Australasia £3.2m (£2.9m).

Diluted earnings per share (excluding the convertible loan stock held by AFP Investment Corporation, the Australian group which took management control in November 1986) increased over 28 per cent to 15.4p (12p).

The company said it was confident of a continuation of the earnings per share trend achieved to date which shows a compound growth rate of 52 per cent since the first half of The interim dividend is

increased from 1p to

• COMMENT

The City - which has pushed Gestetner's shares up 42 per cent this year - has clearly taken the new management's recovery story to heart. At first sight, this strong set of results added more grist to the mill and the shares moved no strongly before settling at 276p, a net gain of 2p. But although more work on margins and working capital should bring further gains in the next couple of years, attention has now moved away from the turn-round and is focusing instead on the acquisition plans. These, analysts suggested, could prove something of a challenge if Gestetner is to evoid ACT write-off problems or earnings dilution and is to remain cash positive. In addi-tion, there was some disquiet yesterday about Gestetner's decision to ignore the APP decision to ignore the AFP loan stock in its earnings cal-culations. On top of that, there were some worries about the effects of economic uncertainty on office equipment sales. All in all, the shares – on e rating of 8.5 assuming pre-tax profits this year of £35m – may be



## Improved pig prices lift Cranswick to £670,000

AN INCREASE in pig prices in the second half helped Cranswick Mill Group recover from lower pre-tax profits at the interim stage. After profits fell s116,000 in the first half the full-year result showed a rise of \$17,000 to \$570,000 with a foods business. £116,000 in the first hau the full-year result showed a rise of £17,000 to £570,000 with a second-half rise of 60 per cent.

The condition of the USM-quoted Humberside based company with interests in animal foods with a marketing and continued to the part of the th of £17,000 to £670,000 with a second-half rise of 60 per cent.

Thrhover for the USM-quoted Humberside-based company with interests in animal feeds, pig marketing, and grain merchanting and storing improved from £53.12m to £58.87m.

After tax of £233,000 and marketing activities. in (£290,000) stated earnings per addition turnover in pig feed share came out at 6.5p (7.6p). was being maintained at the higher level.

#### **BOARD MEETINGS**

Earnings per share

12 pence\_\_\_

The following companies have notified dates
of board meetings to the Stock Exchange.
Such meetings are usually held for the pur-
bose of considering dividends. Official Indica-
flows are not available as to whether the
dividends are interime or finale and the auti-
divisions shown below are based mainly on
hat year's Mnotables.
TODAY

iglo United, Avesco, Blimec Inde,

#### WPP profit in line with expectations'

By Nikki Talt CURRENT YEAR results et

CURRENT YEAR results at WPP, the UK-based advertising agency and marketing services group, were "on budget", Mr John Symonds, chairman, told shareholders at yesterday's annual general meeting in London.

He added that profits for the year were "in line with expectations both inside and outside the company". The equivalent of more than \$700m (£450m) in net new business had been gained since the start of 1988. Shares in WPP fell 7p to

Shares in WPP fell 7p to 644p.
Mr Symonds said that WPP intended to make further appointments in the financial appointments in the intancial monitoring, tax and treasury areas, in addition to forming a group financial operating com-mittee.

#### Jefferson Smurfit

THIRTY YEARS ON ... THIRTY YEARS ON ...

THIRTY YEARS OF SUCCESS

Jefferson Smurfit has exercised its option to increase its beneficial interests in the Colombian interests of Container Corporation of America from 25 per cent to 64 per cent for \$58m (£37.29m) cash.

Net asset growth in £ Millions

### **Sea Containers valuation** excludes debt items

SEA CONTAINERS, in a group is facing a \$24m host Securities and Exchange Commission filing, said reports Sedish ferry operator and Tiphook, the UK container ness units at about \$2bn exclude its debt and redeemable preferred stock, Renters

These items should be deducted to reach an esti-mated value of Sea Containers equity securities, the filing said.

The Bermnda-registered and Co.

rental company.

Mr James Sberwood, the group's president, quoted the \$2bn as the "aggregate hypothetical values for the company's several business seg-ments" based on data provid ed June 8 to the board by its financial adviser Lazard Freres

## Ratners' substantial growth in UK continues

RATNERS GROUP is currently performing "well ahead of the general retailing climate", according to Mr Gerald Ratner, chairman and managing direc-tor of the high street jewellery

Speaking at yesterday's annual meeting he said the group's three main UK operations continued to echieve substantial growth. Sales at both H Samoel and Ratners outlets were ahead by some 20 per cent since the

New merchandise introduced to Zales, the jewellery chain acquired from Next last November, was "achieving outstanding results" with like-forlike increases running at over 35 per cent.

Trading at Sterling, the US operation, remained "very strong", Mr Ratner said, with sales growth into double fig-

The group planned to open another 50 stores in the US during the course of the SPECTRUM GROUP is to sell

#### Dublin placing for Celtic Gold By Vanessa Houlder

Celtic Gold, an Irish exploration company, is join-ing the Third Market in Dub-lin, through a placing which will raise is 1.00m(1964,000). will raise in Lemin 1964,000).

Trading in the shares is expected to begin on June 30.

O'Brien and Toole, Dublin broker, and Magennis and Co, of Newry, are placing 4m shares at 120.20 (20p), subject to shareholder epproval et an extraordinary sensual meeting.

extraordinary general meeting. The cash raised will be used

to pursue exploration and

development programmes. Leading Leisure

Leading Leisure has acquired Dochy Parklands, Cornish pleasure parks operator, for \$1.06m cash and £840,000 of borrowings. The company has also increased the number of its casinos with the acquisition of three from the First Ham-blin Group for \$4.5m cash.

# Airtours shows £3.9m loss and warns of 15% drop in market

By Edward Sussmen

THE UK PACKAGE tour business is continuing to decline, according to Airtours, a leading operator in the sec-tor, although it said its busi-ness is showing improvement. For the six months to March 81 - traditionally a loss-mak-

ing period for package tour operators - Airtours reported pre-tax losses of £3.95m (£4.5m). But it said bookings for the summer months, when the company earns the higgest slice of its income, were up 40 per cent. Lest year, Airtours doubled pre-tax profits to 24.08m in the 12 months to September 30.

Mr David Crossland, chairman, said the overall market had shrunk between 5 and 8 per cent in the past year and he forecast in a year's time there would be a 15 per cent drop from 1988 levels. However, Mr Crossland said neither the warmer UK weather nor higher interest rates had hurt Airtours, which has a high percentage of repeat business from previous customers.

"People tend not to give up their holidays too easily," said Mr Hugh Collinson, managing director. "It's one of the last things they give up."

The company said it tried to

The company said it tried to avoid the stiff price wars being waged by competitors. Last August, intense competition led Bass, the brewing company, to sell Horizon Holidays, its loss-making four operator, to UK market leader Thomson Travel for £75m. Bass had begint Horizon 16 months earbought Horizon 16 months ear-her for £92m.

her for £32m.

Airtours' margins of more than £8 per customer were much higher than the industry average, said Mr Crossland. He said price wars had cut Thomson's margins to about 80p per passenger. Thomson, however, carries many more passengers than Airtours. According to Mr Crossland, the overall decline in the industry is likely to make business even more difficult for high-volume, low-margin operators. In the first half Airtours car-

ried some 166,000 passengers,

up from 90,000 in the previous year, generating turnover of £34.74m (£17.8m). More than 600,000 passengers are expected for the full year. Florida and Barbados remained the most popular destinations. US ski holidays and short-stint Paris trips are being introduced this

Airtours' higher volume made it the third largest opera. tor by sales in the UK sector, the company said. It estimated its market share was between 4 and 6 per cent. Thomson controls about 40 per cent of the

market. Growth in volume results in Growth in volume results in higher "empty leg" costs in the first half. Mr Collinson explained. These costs are the result of sending empty planes to pick up bolidaymakers at the end of the summer season. Airtours is in the process of building its winter tour packages in an attempt to cut first half losses.

An interior dividend of 1.50

An interim dividend of LSp (185p) was declared. The loss per share was 18.04p (18.5p).

and the remainder during the next 12 months.

#### COMPANY NEWS IN BRIEF

KMAP has sold Bournemouth Streetlife, the free newspaper, to Southern Newspapers.

GREENWICE COMMUNICA-TIONS has sold its Greenwich Cablescene subsidiary and South East London Cable, its wholly-owned subsidiary, to Cable Road (UK) for £750,000, £10,500 of which is in respect of the issued share capital of Cablescene and the balance as to loan renayments to be made to loan repayments to be made by Cablescene to Greenwich on

METSEC has purchased Springmount (Holdings), which is the holding company for KDR Muller and EDR Fabricators, for £600,000 plus a £136,000 premium. The consideration will be in cash and loan

REA HOLDINGS offers for

Wigglesworth have been declared unconditional REA has received wald acceptances in respect of 389,235 ordinary and 80,563 deferred (93.83 per cent). In addition REA has received acceptances, not com-plete in all respects, for a fur-ther 23,596 ordinary and 1,669

three subsidiary companies, Specialist Retail Press, Rock-soft and Statesoft to Europress for a nominal sum. None of the companies were engaged in the core business of the Spectrum

PALMA GROUP is selling an office block, currently being built in Lewes, to the Sussex County Building Society, for Group.

TRIPLEX LLOYD has sold its Rollstud subsidiary to Maclaine Holdings for £1m — £750,000 paid on completion

Eventually Sunding Society, for £4.3m cash. Palma is also facturing the remaining 12.5 per cent interest in Lewes Design Workshops for a maximum of £1m cash.

**A** 

#### DIVIDENDS ANNOUNCED

Amer Business 5fin 1.3 1.1 _ 2 _ 1.7 Bardonfin 3.25		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year-
Amer Business \$fin 1.3	Abrioursint	1.5	July 28	1.35		8.25
Bertion	Amer Business 5fin	1.3		1.1	2	1.7
Series   Group			_	-	_	-
Cranewick Milis			Aug 17	2.5	4.5	3.5
Davy Corporation   fin 61					5.55	5.55
File Fyliesint 0.44+ July 31 0.363 - 1.28 Fletcher Kingiin 6.3 Oct 2 4.75 10.6 7.25 Geetstiner Hidgeint 1.5 Aug 10 1 - 5.6 Laws Groupint 1.94 Bwant John) & Sneiin 12 - 10.5 12 10.6 Tameriaiin 2 August 2 - 10.5 12 10.6 Unit Group 4iin 2.5 - 3.75 5 5					8.5	5.25
Fletcher King						1.283
Genteriner Hidgsint 1.5 Aug 10 1 - 5.6  AWS Groupint 1.94					10.6	7.25
Awrs Group				1		5.6
Swan(John) & Snalin 12 - 10.5 12 10.5 10.5						
Tamoris				10.5	12	10.5
Unit Group 4			Anount			
				3.75	. 5	5 .
			Aug 14		13.8	11.5
Wyndham Groupfin 3t . Oct 30 2 4.5 3						3

Dividends shown pence per share not except where otherwise stated. "Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock, \$Sunquoted stock, 9Third market.xCarries scrip option. \$Irisi currency throughout.

#### $(x,y) : (x,y) = (x,y) \cdot (x,y$ WATER INDUSTRY

The Financial Times proposes to publish a Survey on the above on

25th July 1989

For a full editorial synopsis and advertisement details, please contact:

**DENIS CODY** 

on 01-873 3301 or write to him at:

Number One, Southwark Bridge London SE1 9HL

FINANCIAL TIMES

#### YEAR ENDED 31ST MARCH 1989

THE RECORD

SPEAKS FOR ITSELF

Net income before tax	£29-36m	+19%
Total dividend per share	9-0p	+11%
Net assets per share	488p	+40%
Total property assets*	£942m	+39%

The Board is proposing a one for five scrip issue and, in the absence of unforeseen circumstances, intends to maintain the dividend of 9p on the increased capital.

ient properties at valuation £274m, trading properties at cost £68m.

#### GREAT **PORTLAND ESTATES**

PROPERTY INVESTMENT AND DEVELOPMENT

For a copy of the 1989 Report and Accounts write to the Secretary: Knighton House, 56 Mortimer Street, London W1N 8BD. Telephone: 01-580 3040

The directors of Great Portland Estates P.L.C. accept responsibility for the contents of this advertisement, which have been approved by Ernst & Whitney, a firm authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business. Past performance is not necessarily a guide to the future.

THIRTY YEARS ON ... THIRTY YEARS ON ... THIRTY YEARS ON ... THIRTY YEARS ON ... THIRTY YEARS ON ...

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AGENDA

"(3) in the event of definit by the Bunk or any Principal submitiary of the title date and pranctual payment of the principal of, or premium or probable (if any) or interest or any indebtedants of or assumed or guarantee fluid or such Principal Schnidingry when and as the stone shall become payable, if such definit shall continue for more than any period of graces thereto and the time for payment of such interest, principal, pre-principal, pre-principal and the time for payment of such interest, principal, pre-principal control of graces of principal and the time for payment of such interest, principal, pre-principal and principal and pri

"Principal Subsidiary" shell mean (a) any subsidiary of the Bank the total assets of which countings (or have within the previous three years constituted) more than 15% in value of the total assets of the Bank and all its subsidiaries (or (b) any provious three years constituted (or kes within the provious three years constituted in more than 15% of the aggregate not income of

For the purpose of obtaining voting contificates or a required to deposit their Bonds at the latest two b at the office of KREDIETHANK S.A. Luxember Mr. Emile Schmitz) or at the above mentioned FINLAND INTERNATIONAL S.A., Luxemit

#### **UK COMPANY NEWS**

First annual results as a listed company accompanied by £16m rights issue

# \$45m quarry products purchase for Bardon

BARDON GROUP, the quarrying and building products company, yesterday marked the release its first annual results as a listed commy with the announcement of a US acquisition and a

£16.1m rights issue. The Leicester-based company moved to strengthen its US operations through the acquisition of Simeone, a Boston-based quarry products company, for \$45m (£28.9m) in

Simeone, owned by the Simeone family, runs a stone production business and operates hard rock quarries at Wrentham and Taunton, in sachusetts. In the year to February 28, Simeone made pre-tax profits of \$7.24m on turnover of \$40.85m.

Bardon said Simeone's operations would fit well with its existing Trimount activities which are also located in Mas-sachusetts. The Trimount busiGuyott, which was bought by Bardon in April 1988.

Simeone's vendors have, however, asked for the acquisi-tion to be delayed until April 1990 because of tax considerations. The acquisition is also dependent or any liabilities identified by an environmental

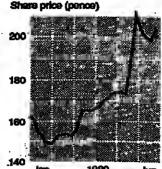
Bardon reported a 77 per cent gain in pre-tax profits to £12.9m (£7.29m) on turnover ahead 73 per cent at £165.66m (£95.99m) for the year to to March 31

A final dividend of 243p was recommended which will make a total of 3.25p (2.5p), an increase of 30 per cent. Earnings per share grew by 45 per cent to 10.3p (7.08p).

Bardon had gearing of 125

per cent at the year end but the company said it intended to reduce this to less than 70 per cent by the end of the In order to strenghten its capital base, Bardon is to raise

**Bardon Group** Share price (pence)



£16.1m by means of 1-for-8 rights issue at 170p a share. Holders of preference shares will be entitled to new shares on a 3-for-40 basis.

Mr Peter Tom, chairman and chief executive, said the year had seen the most dramatic changes at Bardon since it became a public company in

Last year, Bardon decided to concentrate on its core businesses of quarrying and build-ing products and had implemented this strategy during the year, he said. Three businesses were sold and two were acquired: Guyott, since renamed Trimount, was bought in April, and Pisani, which has been added to the UK building products division, Trimount made an 11-month

contribution of £3.09m to pre-tar profits and £50.54m to Last year, Mr Tom was paid £354,720, a 54 per cent increase on the previous year's £230,690.

**O COMMENT** Bardon has certainly caught the market's eye. The company has rapidly established a firm presence in the UK and Massa-chusetts construction markets

and stands to benefit consider ably from the vast amounts of money that are to be poured into infrastructure projects on both sides of the Atlantic in coming years. This year, earnings growth will flatten out as the increased number of share in issue begins to take its toll. and further out earnings growth will still be restrained by the highly leveraged nature of the highly leveraged nature of the Simeone acquisition. But because of its enormous and perfectly-located reserves, Bardon can hardly fail to prosper. The shares are tightly held because of the large family holding in the company, and this limited market partly accounts for the high prosperaccounts for the high prospec-tive multiple of 18 which can be derived from pre-tax profits forecasts of £16m. Even at that rating, however, Bardon would seem to represent reasonable value for those prepared to wait for the full gains from the bulging building budgets to feed through.

#### HEREFORD & WORCESTER

The Financial Times proposes to publish a Survey on the above on

14th July, 1989

For a full editorial synopsis and advertisement details, please

Anthony G. Hayes

on 021 454 0922 or write to him at:

George House, George Road ston, Birmingham B15 1PG

**FINANCIAL TIMES** 

## Bardsey subsidiary sale postponed

BARDSEY, the hand tool manufacturer and distributor, has postponed the sale of its subsidiary Rabone Chesterman subsanary reasons the security to Cooper Industries because a rival bidder has obtained a temporary restraining order

At last week's adjourned extraordinary general meeting called to approve the disposal, Mr David Burnet, Bardsey's chairman, said that the Stanley Works, the UK subsidiary of a US-based tools and hard-

**CLASSIFIED ADVERTISEMENT NATES** 

ware group, had won the order from the district court of Con-

Bardsey said that it expected the court's ruling, to be made early this week, would go in Cooper's favour and that the deal would be approved at a new meeting called for next

Stanley Works' original offer for Rabone worth £8.5m was recommended by Bardsey. However, before shareholders approved the deal a higher

(min.3 cms)

2 40.00 42.00 36.50 51.00 46.00 35.50 46.00

offer, worth £9.5m was made by Cooper.

Electric and Gen Electrical and General

Investment Company reported net asset value at May 31 of net asset value at May 31 or 127p, against 100.63p a year earlier. Net revenue for the year to the end of May was £1.69m (£1.61m). Directors are recommending a final dividend of 1.45p (1.25p) for a total for the year of 2.05p (1.75p).

INTERNATIONAL TELECOMMUNICATIONS

17 JULY 1989
For a full editorial synopsis and lvertisement details, please conta JEREMY M. BAULF en 01-873 4026

or write to him at: London SEI 9HL

**FINANCIAL TIMES** 

#### **CHEMICALS INDUSTRY**

The Financial Times proposes to publish this survey on:

11 JULY 1989

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> **DENIS CODY** on 01-873 3301

or write to him at:

Number One Southwark Bridge London SE1 9HL

**FINANCIAL TIMES** 

(Asian Tranche)

#### ZIMBABWE

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**8 AUGUST 1989** 

For a full editorial synopsis and advertisement details, please contact:

SARAH PAKENHAM WALSH

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**FINANCIAL TIMES** 

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Toyo Trust International Limited

Yasada Trast Europe Ltd.

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# WHITECROFT

## **27% INCREASE IN PROFIT**

**RESULTS FOR THE YEAR ENDED 31st MARCH** 

1989 1988 £'000 000°3

Pre-tax profits up 27% 15,371 12,141

Earnings up 22% 31.53p 25.94p per share WD 20% 13.80p 11.50p

66After the exciting changes of last year, Whitecroft is in a strong position to make further progress. The Group is currently ahead of last year and, subject to external factors, further overall growth in the current year is expected.99

Tom Weatherby, Chairman

#### WHITECROFT pic

Dividends

Textiles, Building Products, Lighting, Property Development. A copy of the Annual Report may be obtained from: The Secretary, Whitecroft plc, Water Lane, Wilmslow, Cheshire SK9 5BX. Telephone: 0625 524677.

#### NOTICE OF INTENTION TO REDEEM

To the Holders of

#### COCA-COLA INTERNATIONAL FINANCE NV.

9%% Guaranteed Notes Due August 1, 1992

NOTICE IS HEREBY GIVEN to the holders of the outstanding Notes described above (the "Notes") that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of February 1, 1983 and the Notes, Coca-Cola International Finance N.V. has elected to and will redeem on August 1, 1989 all of its outstanding Notes in the aggregate principal amount of \$100,000,000, at a redemption price equal to 101% of the prioripal amount thereof plus accrued

\$100,000,000, at a redemption price equal to 101% of the processor amount interest to the redemption date.

Payments will be made oo and after August 1, 1989 against presentation and surrender of Notes with coupons due August 1, 1990 and subsequent attached in lawful money of the United States of America, subject to applicable laws and regulations, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, as Fiscal and Paying Agent, in the Borough of Manhattan, The City of New York (for Registered Notes only), or (b) at the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, or Frankfurt (Main), or at the main offices of Swiss Bank Corporation in Basic and Zürich and the main office of Banque Generale du Luxembourg in Luxembourg. All payments shall be made in United States dollars by check drawn on, or transfer to an account maintained by the payee with, a bank to New York City, subject

drawn on, or transfer to an account maintained by the payee with, a bank to New York City, subject to any laws or regulations applicable thereto.

Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

The coupon due August 1, 1989 is to be detached and collected in the usual manner.

On and after August 1, 1989 the Notes will no longer be outstanding and interest thereon shall

By: Morgan Guaranty Trust Company

Dated: June 27, 1989

COCA-COLA INTERNATIONAL FINANCE N.V. OF NEW YORK, Fiscal and Paying Agent

#### Nestlé Holdings, Inc. US\$ 100,000,000 5 per cent Bonds due 1997

with Warrants to acquire Bearer Participation Certificates of Nestlé S.A.

#### **Notice to Holders of Warrants**

Referring to our earlier notice concerning the Share Capital and Bearer Participation Cartificate Capital Increasa of Nestle S.A., notice is hareby given that the new Warrant Exercise Price to ecquire Bearer Perticipation Certificates of Nestle S.A. has been fixed at SFr. 1776.—per BPC. The new price is effactiva as from 22<sup>nd</sup> June 1989.

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### UK COMPANY NEWS

# Property side helps Whitecroft to £15.4m

By John Ridding

WHITECROFT, the industrial holding company, yesterday announced pre-tax profits of £15.37m for the year to end-March, an increase of 27 per-cent on the previous 12 months, and at the top end of expectations.

The outcome, achieved despite profits in the textiles division declining from £3.85m to £1.51m, resulted from a strong year in property devel-opment and a £1m swing in interest charges, to a credit of £214,000, reflecting the disposal in August of the group's build-

ers' merchants for £34m.

Mr Tom Weatherby, chairman, described the disposal and the subsequent move into specialist manufacturing in the building sector, as "one of the most fundamental decisions the group has taken".

Turnover slipped from £141.5m to £137.14m as a result of the disposal, but profits in the building products division as a whole increased from £2.63m to £4.1m. This reflected the higher margins in the three specialist manufacturing businesses which were acquired during the year.

The strongest improvement

The setback in textiles was the result of the high level of sterling and interest rates. Exports fell sharply in the first half and there was domestic

Whitecroft Share price (pence)

during the year came from property development which doubled profits from £2.95m to £5.89m. According to Mr Peter Goold, joint managing director, both the commercial and residential operations made a "substantial contribution."

Mr Weatherhy said that "management action" had been taken and that there had been

1985 86 87 88 89

a "substantial improvement in

the second half".

Earnings per share rose from 25.9p to 31.5p. There is a recommended final dividend of 9.7p giving a total of 13.8p (11.5p).

• COMMENT

On the face of it the prospects for a company involved in housing, textiles and various consumer products appear gloomy. But while higher interest rates and an uncertain consumer spending outlook obvi-ously provide constraints, Whitecroft continues along a path of steady growth and enjoys a fair degree of protec-tion. It builds houses only in the buoyant north and twothirds of profits in the property development husiness come

from commercial contracts. Its building products go largely to specialist contracts and local authorities are providing strong demand for replacement windows. Some of Whitecroft's textiles products have obvi-ously been hit and will con-tinue to be vulnerable. But rationalisation and a weaker pound suggest improvement this year, although not to the level of 1987/88. The shrewd move into high margin specialist products will more than compensate for the loss of the group's huilders' merchants and should enable pre-tax profits to reach £17.75m. The shares have underperformed these processes of the shares have underperformed the shares are underperformed the shares are propagated to the shares are propagated shares developed this year, probably because of interest rate fears, and the prospective multiple of just under nine is probably a bit

#### **Acquisitive American** Business rises to £5.7m

tions".

By Graham Deller

AMERICAN BUSINESS Systems yesterday reported record profits for the 12 months to March 31 1989.

The USM-quoted group, which supplies and services business equipment in the US,

lifted pre-tax profits by 41 per cent to 55.71m (£4.06m). Mr Mark Vaughan-Lee, chairman, said the outcome was attributable entirely to another strong performance by Danka Industries, ABS' main operating subsidiary, Profits there had risen by 63 per cent,

The acquisitive Danka, which purchased seven compa-nies during the year, plus Flo-rida-based Cavalier Products after the year-end, for a total of \$17.6m, was now the largest office equipment distributor in the south-eastern US.

According to Mr Vaughan-Lee, most of the companies acquired had been successfully integrated into Danka and were making "significant revenue and profit contribu-

These should increase further as the "advantages of reorganisation in more recently acquired branches take full effect". Expansion would continue

through e programme of strate-gic acquisitions as well as further growth from existing businesses, he said. Group turnover increased 50

per cent to £52.84m (£35.3m). After tax of £626,000 (£265,000). earnings per 5p share were 13.6p, up from 10.1p the previous year. A recommended final dividend of 1.3p gives a total of 2p (1.7p) for the year.

#### FII-Fyffes up 31% to I£8.33m

FII-Fylles, the Duhlin-based fresh fruit distributor, reported interim pre-tax profits ahead 31 per cent at 168.33m (67.37m), against I£6.35m last time. Turnover for the six months to end April rose 42 per ceot from £122.89m to £174.4m.

Earnings per share were 3.04p (2.5p) or 2.87p (2.4p) fully diluted. The interim dividend

is raised to 0.4p (0.363p). The company said that It performed strongly during the period and that sales and profits continued to increase.

Tax took £2.92m (£2.22m) and there were minorities of £89,000 (£23,000). Dividends absorbed £963,000 (£771,000) to leave retained profit of £4.37m

#### RETAILING

The Financial Times proposes to publish a Survey on the above on

12th September 1989

For a full editorial synopsis and advertisement details, please contact:

Jonathan Wallis

on 01-873 3565 or write to him at:

Number One, Southwark Bridge London SE1 9HI.

#### **BUSINESS LEADERSHIP** IN THE COMMUNITY

The Financial Times proposes to publish this survey

14th July, 1989

For a full editorial synopsis and advertisement details, please contact:

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FINANCIALTIMES



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June 1989

#### TECHNOLOGY

# Productivity race tests the showcases

John Griffiths on Fiat's and VW's response to the Japanese challenge inside Europe

heo Fiat and Volkswagen opened the doors of their respective "showcase" car assembly plants at Cassino, near Naples, and Emden, at the north-east tip of West Germany, both revealed steps forward in auto-mated assembly techniques despite differences in their

approaches.
The vast, airy Cassmo facility is home to the Robogate assembly stations which first took the car industry into large-scale, sophisticated robotclaims this is again the world's most automated car plant.

Yet neither this facility nor the one at Emden appears to have fully grasped how to match the ever-improving productivity and efficiency levels of the Japanese vehicle industry, which by the mid-1990s will be tackling Europe's car market — the world's largest — substantially from within.

Each plant will still employ more people per car produced than at comparable Japanese plants, such as Nissan's at Sunderland in the UK. Equally, Fiat argues that even Cassino should be seen as only a step along the way to almost com-pletely integrated, automated

The Italian and West German plants, which have been running for just over a year, have a similar range of activities, even though Cassino's capacity is 1,800 cars a day (which it has yet to reach) on 2% shifts while Emden's is 1,200 on two shifts.

whereas Emden's are supplied from other VW plants. They then take the vehicles through to final assembly, but with most of the components sup-

most of the components supplled from outside.

In both cases, the "just-in-time" inventory concept — so often quoted as giving Jepanese assembly plants a hig cost advantage — falls short of the ideal. Emden, which has VW supplier plants within easy striking distance, comes closest with 74 per cent of needed parts claimed to be at stock levels of only a few hours. levels of only a few hours.

At Cassino, remote from Fiat'a main plants around Turin in the north, the assembly line buffer ranges from 45 minntes for locally produced seats to a three-day supply line of engines and transmissions. It is the selected methods of antomation which are markedly different at the two

At Emden, VW has chosen to as a lay-out of 20 interlocking "boxes", populated by robots. The plant's prime goal is to build not just the bodies of several different vehicles simultaneously, and at random, out to have fixely between the control of the control have flexible production equip-ment that can easily be modi-fied to build successor models to the current range, over an

equipment life of 20 years.
Currently, Emden is devoted to the Passat, where the assembly system is designed to cope with a theoretical 18m specifi-

Both plants jig and weld together "bodies-in-white" – used as a top-up plant for unpainted body shells – from individual pressings, although Cassino stamps most of its own 50 units a day.

The concept is, therefore, radically different from VW's Hall 54 at Wolfsburg, which is dedicated to building more than 3,000 Golfs a day and

would have to be re-equipped to huild another model.

Of Emden's 500 rohots, nearly 340 are in the honeycomb of boxes. Eleven of the boxes assemble body pressings in their jigs and tack weld them in position. The assemblies are then transferred to one of the remaining nine one of the remaining nine boxes, where nearly 3,500 spot welds are made

Crucial to the whole process Crucial to the whole process is that each box can operate independently, using instructions carried by actometic guided vehicles (AGVs), so that breakdown in one box does not affect the others. Alternative sets of machine tools lie in racks, from which the robots can re-equip themselves in 15 can re-equip themselves in 15 seconds for a body change. The welded bodies are car-

ried by AGVs to measuring boxes for dimensional checks, before going on to more conventional assembly operations, where the bulk of the workforce is employed.

Increasingly, component "modules" are being used at Emden. For instance, a complete engine/front suspension assembly, put together away from the two production lines, is installed as a unit. This concept is pursued still more aggressively by Fiat at Cas-

Emden has received its latest facilities, at a cost of DM 12bn sub-frames, engines, transmis-(£400m), as part of VW's Plan 2000 to install flexible equip-ment with a 20-year life – but also capable of being amortised wheel hubs, bring them together as one unit and then introduce this to the body on tbe line. Front and rear over only three years. Cassino's revamped facilities have absorbed much of the screens and even the head-lining is installed as a single

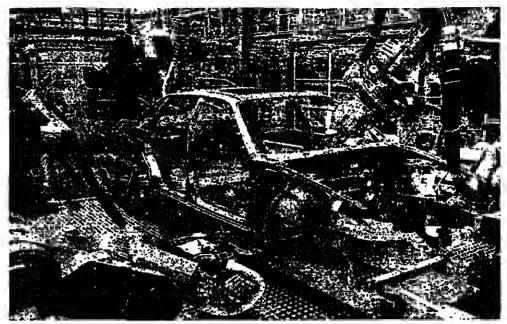
Dimeosicoal checks are automated. There is even a visual check that all the dashboard's instruments are working, carried out by a stork-like, one-eved robot. Visitors watch its slow, curious peerings into each instrument with a hypnotic fascination.

As with Emden, Cassino has been designed so that new models can be introduced with relatively little new investment in equipment. The only vestige of Cassino's earlier production systems is the much more labour-intensive Regata line, which is being wound down.

A prime motivation behind the Cassino operation is to allow the best quality to be built in and checked at every stage of assembly.

Another is to extend the con-

ept of an "integrated" factory to include pre- and post-pro-duction management and logis-tics operations. Area supervi-sors are in touch with both the central management system and the mass of robots, individ-ual machines and workstations of the physical production pro-cess. By this means are con-trolled: 109 computers, 500 terminals for industrial graphics displays and programmed labour control, 439 robots, 61 lasers, 49 "sighted" assembly



systems and 750 AGVs. Yet while Fiat can claim, with probable justification, that the Cassino plant, produc-ing 270,000 Tipo hatchbacks and 50,000 Regata saloons annually, is the world's most automated car assembly plant,

automated car assembly plant, it still employs 7,000.

Of these, some 1,300 are employed in specialised systems activities, 1,000 in overseeing body welding, another 1,000 in paint operations, 500 in the press chan and plastics forming and shop and plastics forming and between 800 and 900 in other supervisory roles. That leaves about 2,300 in final assembly.

Even when the Regata is phased out, Franco Canna, the plant director, does not expect employment to fall signifi-cantly because the Type Three is expected to increase Cassi-no's output to its full capacity of 400,000 units a year. Fiat has made clear its belief that European workers cannot, and should not, be expected to match the work obsession of

Japanese employees. As a con-sequence, it sees salvation from the Japanese threat lying in smaller workforces and increased automation. However, by 1993, Nissan Motor Manufacturing UK plans

to produce two distinct ranges, at a total volume of 200,000 units a year, including body pressings and an engine plant, with 3,500 workers. By the late 1990s, it is expected to increase this to 400,000 cars a year, spread over three models, with a workforce which seasoned industry observers, such as Garel Rhys of the Cardiff Business School, say is unlikely to exceed 5,000.

At Emdeo, even the new processes involve employing more than 10,000 to build 200,000 cars

a year. Confronted with the Nissan numbers and similar estimates for Toyota's intended UK and Continental plants, neitber Fiat nor VW appear able, or willing, to come up with any answers concerning plant and labour organisation which explain how the gap is to be

During questiooing, both Canna and Emden's production director, Gunter Hartwich, coofined themselves to hroad expressions of confidence that ways would be found to match

"MAXIMUM productivity and minimum costs can be achieved only by investing in advanced manufacturing technology," says Lothar Hoffmeister, a director of the West German machine tool builders' associatioo (VDW), "Producers who fall to respond to this will rapidly sacrifice their competitivenes

His view, expounded in an interview with the FT, is that manufacturers are turning to computer-con-trolled machines and machining ceotres, oo the one hand, and flexi-ble manufacturing cells, manufacturing systems and transfer lines, on the other.

"As e consequence of growing cost pressure, declining batch sizes and shorter product lives, compa-nies are increasingly being forced to rationalise their product ranges.

# Old rivalries sharpened by advances in machine tools

\$1.7bn which Fiat has spent hringing the Tipo hatchback into production. The plant rep-resents a spectacular advance

in both computer-integrated

and "modular" production of cars. It also incorporates "world firsts" in the form of an antomated thermoplastic moulding line, which produces plastic hatchbacks for the Tipo

in less than a minute, and con-tinuous laser welding of seams, which strengthen the car's

structure much more effec-tively than spot welds.

The design and engineering of the Tipo – and the "Type Three" replacement for the Regata – has been integrated

with the production process from start to finish, including

final quality checks and the filling of the fuel tank by

On the assembly line, only the area of wiring and trim shows any significant sign of

human activity - it is described as "the last frontier".

According to the company, 40 per cent of final assembly is

Otherwise, the 14 main mod-ules, all of which are put together off-line, are installed

in the Robogate assembled bod-

ies almost entirely by robots, of which there are 439. Robots

They have no other option but to install highly sophisticated manufacturing equipment." he continues.

It is hardly surprising that Hoff-meister should direct his comments at the customers which the VDW and other machine tool associations hope will continue to buy costly chunks of equipment, keeping their

shop floors busy. Yet he acknowledges the installatioo problems. The progression from conventional machining proce-dures to computer-aided and computer-integrated manufacturing is long and difficult. This places major demands on producers and users alike, as e high level of investment

and there was no seen and

and risk is involved. The VDW is well placed to moni-tor trends in the use of machines which can cope with product variation through such techniques as rapid tool changing and automatic process control. The 400 West German builders of complete machines accounted for 18 per cent of world production last year, second only to Japan, German companies were the biggest exporters, with almost 24

per cent of world trade.

What is of just as much interest to Hoffmeister, however, is the way machine tool supply around the world is becoming stratified on the basis of technology.

"More newly industrialised countries are trying to meet their needs for machinery from domestic sources and, at the same time, are attempting to sell their products on world markets," says Hoffmeister, "Established suppliers in Europe, Japan and the US have responded

to this by modifying their product ranges. In other words, they have almost withdrawn from the market for standard machines in order to concentrate on advanced machinery and manufacturing systems."

Three questions arise from this:

At what speed will low-cost producers emerge as serious competi-tors to the makers of higher specifi-

This is happening more quickly than the Europeans expected, Already, the South Koreans, Taiwanese and some suppliers in Singapore are offering computer-cootrolled machine tools, including machining centres. "The main reason is that Japanese electrical computers and the suppliers of the suppliers in Singapore are offering the suppliers in Singapore are offering to suppliers in Singapore panies are supplying them with electronic controls and drives" - to keep their own large production

facilities busy.

• Will this pose a threat to established producers in Europe and

Japan?
"No," says Hoffmeister. But he adds: "It will be a threat to the

weaker established producers." Is there another battle looming in flexible production equipment between the Japanese and European producers?

The conventional view is that the

Japanese will struggle in Europe with supplying flexible manufacturing systems because suppliers need to be close to their customers. Hoff-meister says this still applies, even though some Japanese have production sites in Europe.
He describes their arrival as "unfortunate". But the West Germans have teoded to begrudge Japan's success at supplying cus-tomers with reliable, sophisticated,

computer-controlled machining centres at reasonable cost.

Some Japanese suppliers, such as Makino, offer flexible manufacturing cells which inrorporate more than one machine linked by companion. puter. However, Hoffmelster says that there is a philosophical differecce between the Japanese and the Europeans in the supply and use of systems as against complicated stand-alone machines.

strong in this field of flexible systems. They do oot see a real future in systems. Instead they are golog in for multi-purpose high technology machine tools," be says.
Which philosophy will prove the stronger? "That is cot yet known."

**Nick Garnett** 

FINANCIAL TIMES CONFERENCES

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#### **FINANCIAL TIMES CONFERENCES**

**WORLD MOTOR CONFERENCE** Frankfurt, 13 & 14 September, 1989

The FT World Motor Conference held biennielly in Frankfurt has achieved en impressive position among motor industry events. This year sees e remerkable pletform of speakers. Dr Carl Hehn of Volkswagen is to open end Helmut Werner of Daimler-Benz is to deliver e major paper on trucks. John Day of Allied Signel has accepted the Invitation of the FT to open the section of the conference devoted to components. Dr Umberto Agnelli of Flat and Reymond Levy of Renault are two of the other leading car industry figures who have egreed to speak. Sten Langenius of Volvo Trucks is elso on the panel and emong the American menufacturers who will be speaking is Jack F Smith of General Motors. Dieter Ulisperger, the financial head of VW, will close the conference which is to be chaired by Don Kress who now edviaea the internetional Motor Vehicle Programme et M.i.T.

WORLD MOBILE COMMUNICATIONS IN THE 902 London, 11 & 12 October, 1989

The explosive growth of the mobile telecommunications industry demonstrates the importance for usere of having access to reliable communications on the move. This second FT conference will provide an opportunity for operators, equipment manufacturers, analysts and users to review the rapid changes taking place in the market and to assess the opportunities that are being opened up by the growth of alternative products end services. Contributors include: John Shelby Bryan of Millicon, Roland Mahler of Deutsche Bundespost, Robert Welsaheppel of Motorola, Andrew Glasgow, Marconi Communication Systems and John Cummings, Ferranti Creditphone.

RE-REGULATING EUROPE'S FINANCIAL SECTOR London, 16 & 17 October, 1989

The Financial Times has in recent years arranged a series of successful conferences on financial regulation in co-operation with Deloitte Haskins & Sells. These have featured plenery sessiona of considerable authority but have also included workshops that have provided a significant opportunity for delegetes to discuss quite detailed questions. Re-Regulating Europe's Financial Sector represents the extension of this format to the European stage and an exceptional panel of speakers includes Sir Leon Brittan, QC, Vice President of the Commission and Dr Huib Mulier, the new Chairman of the Basie Committee. Deloittes have prepared e programme of workshops that will enable perticipants to asseaa the regulatory position in whichever European Community countries are of particular interest to them.

All enquiries should be addressed to: Financial Times Conference Organisation 126 Jermyn Street, London SW1Y 4UJ Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125 TO BE DISTRIBUTED FREE TO ALL UK FINAL YEAR STUDENTS

# · GRADUATE · RECRUITMENT

A FINANCIAL TIMES SURVEY

1st NOVEMBER 1989

Just when the supply of 18-20 year olds is set to decline, employers are becoming increasingly conscious that securing an adequate supply of graduates of the right quality is crucial to their success.

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The FT's Graduate Recruitment Survey will be written by the newspaper's unrivalled team of specialist writers with the interests and standpoint of the final year undergraduate deciding which career to follow very much in mind.

The survey will be given free of charge to every final year student in the UK as well as those attending the top five universities in both West Germany and France.

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> > **FINANCIAL TIMES**

#### **COMMODITIES AND AGRICULTURE**

# Yeutter predicts continuing grain sales to China

By Nancy Dunne in Washington

MR CLAYTON Yeutter, the US Agriculture Secretary, yester-day predicted that American grain sales to China would continue, despite the government crackdown on Chinese pro-testers, and he implied that subsidies may also be contin-

"There could well be som disruption of economic activity, of course — that's inevitable to some degree in that kind of political turmoil," he said during a speech to the American Seed Association. "But I doubt that it's going to have a significant effect on trading patterns between the two coun-

The question of continuing subsidies to China is a separate issue, to be considered on a case by case basis. However, Mr Yeutter concluded: "If you lump all this together, I don't really see any significant adverse impact ou agricultural trade relationships."

In past years, most of China's US wheat purchases have fallen under the Export Enhancement subsidy programme. However, this year, more sales have been on com-

mercial terms. Since January China hes

By Richard Mooney

DEEPENING GLOOM about

the ontlook for the International Coffee Agreement sent prices for the commodity down

to 9½ month lows on the London Futures and Options Exchange (Fox) yesterday.

The collapse two weeks ago of the latest despairing attempt to save the beleaguered price-stabilisation pact was widely regarded as having sealed the agreement's fate and left trader contemptating the pro-

traders contemplating the pros-pect of a free-for-all in the

market after the current pact's

scheduled expiry on September

Producers and consumers

have been at loggerheads over two issues: the so-called two-tier market, in which import-

ers outside the agreement can

obtain coffee for up to 50 per

cent less than the price

charged to members: and the

imhalance of export quotas

between the mild arabica types

and the less favoured robustas.

And with the producers squab-

hling among themselves over

market shares any hope of

negotiating a replacement pact

has long since been aban-

bought 2.1m tonnes of subsi-dised wheat and 2.9m tonnes at commercial prices. It has in reserve an offer for 910.000 tonnes more under the EEP, which is likely to be used as

wheat prices fall.
In the ongoing Uruguay Round negotiations over agri-culture trade, he said, if all goes to schedule, the rest of this year will be devoted to laying out definitiva negotiating

positions.
"Then the blood start to flow next year," be said.
"Most of 1990 will be a rather brutal negotiation on agricul-ture and some other items as

He said pressure must be kept on the EC "so that there's kept on the EC so that there's a price to be paid for undisciplined conduct both during the negotiations and a price that they believe will have to be paid later, if these negotiations do not succeed.

"If we negotiate skilfully, apply a lot of leverage and do everything we can to generate attention to the cost of these programmes in Europe and elsewhere, hopefully wa'll be able to make significant prog-ress," the agriculture secrte-

After this month's abortive

meeting even the prospect of agreeing an extension to the

present accord had been more

or less discounted.

So it appeared that the ICA had less than four months to live — in any economically meaningful form. It now

appears, however, that the life support sytem could be switched off even earlier.

International Coffee Organi-sation delegates are to recon-vene in London next Monday

to have one last try for agree-ment on a pact extension, or, if

that fails, to vote on whether the accord should be extended

without economic clauses (i.e.

with no quota system). And

dealers were saying yesterday that in the event of failure Col-

ombia - the world's second biggest coffee producer, after

Brazil - was likely to press for

export quota restrictions

rather than waiting for the offi-

cial expiry date. That resulted in a fresh bout

of selling which left the Sep-

tember futures position in London at £1,043 a tonne, down £41

COCOA E/tonne

the immediate abandonment of

or less discounted.

to almost 45 per cent. In 1986, the report says, total Coffee price slides to 9½-month low

patterns are changing due to coastal states' rights under the new regime of the sea to explore and exploit fishery

remains different views among member states as to the effect of the new regime on freeing

used as a means of both restricting imports and promoting exports". Many different kinds of non-tarriff barriers are used. including licensing, global import quotas and import prohibitions, adminis-trative measures, export subsidies and export promotion

activities. Fisheries Issues. Trade and Access to Resources. OECD Paris 1989

LINE WARRENOUSE STOCKS (Change during week ended last Friday) tomes

### World fish trade keeps pace with

By Bridget Bloom, Agriculture Correspondent

rise in catch

ALTHOUGH THE total world fish catch has nearly doubled in the past 25 years, from 46m tonnes in 1963 to around 85m tonnes, the proportion entering world trade has remained sta-ble at about one third. However, according to a new

fisheries report from the OECD, the composition of world trade has changed notably in that time, reflecting, among other factors, the exten-sive introduction of stock management, extended jurisdiction over fish resources and the development of new fisheries and fish products.

Total world exports of fresh and chilled or frozen fish increased from around 1.4m tonnes in 1963 to 5.2m tonnes in 1985, the report notes. Exports of fresh, chilled, dried or salted crustaceana and mollusca increased even more, from around 240,000 tonnes to 1.63m tonnes in the same period.

More countries have entered

world trade, with developing countries' share of total exports (including oils, fats and meal) increasing from 34 per cent to 42 per cent. In value terms, the rise was even more striking, from 25 per cent

exports from the OECD mem-ber countries amounted to \$10.8m in 1986, an increase of 30 per cent over 1985. OECD mem-ber states accounted for about 85 per cent of total world imports by value, the largest markets being the European Community, Japan and the US. The report notes that trade

resources within 200 miles. However, it says that there

world fisheries trade.
It notes particularly that "non-tarriff measures are being

-125 to 119.225 -2.325 to 82.525 -625 to 35.575 -72 to 2.180 -275 to 28.825 +1,235 to 1,640 Silver (oz). - 1,130,000 to 7,976,000

Ceah 1863-5 3 months 1833-5

Barley Close Pro

PIGS (Cash Settleme

114.0 111.0 115.0 110.0 109.0

98.7% purity (5 per to:

1905-10 1655-7

# The unwanted side-effects of set-aside

Why schemes to take farming land out of production should be quickly reversible

BREEZE wafts over a sea of red. Millions of delicate translucent petals sway gently, now absorbing, then reflecting shafts of sunlight. Motorists slow down to admire the unaccustomed sight. Photographers arrive in droves. arrive in droves.

For this is the age of set-aside and the field full of pop-pies on the southern outskirts of Norwich is one of its most dramatic manifestations.
Untouched hy cultivation
machinery since last autumn,
the land has naturally produced its colourful crop and earned its owner £80 an acre into the bargain.

Into the bargain.

Last year 1,820 of Britain's farmers signed up to set a minimum of 20 per cent of their land aside for five years — in other words not to plant crops on it during that time — in response to the Government's offer of \$80 an acre to compensate them for loss of income. The idea was to cut the produc-tion of surplus cereals.

A total of 143,000 acres, about 1.3 per cent of UK arable land, was put into the scheme in 1988 and the Ministry of Agriculture has recently invited applications for the current crop year. As arable

current crop year. As arable farm margins continue to suffer under the twin burdens of price pressure and advarsa weather there is little doubt that many more farmers will give it serious consideration. But most will do so with some reluctance. The last 40 years have, after all, been



devoted, among other things, to the attempted elimination of the ubiquitous red weed by a whole range of cultivations and chemical herbicides. The field near Norwich proves how futile those efforts have been
- and how exaggerated were
the claims of conservationists that sprays would destroy all

Walk on to any of those fields that have been set aside for just ten months and you will witness evidence of the rule that nature abhors a vacuum. Land which was cultivated and sprayed for genera-tions with the express purpose of controlling weeds undesirable in arable crops is now growing them in profusion. Creeping thistles thrive; stinking mayweed spreads; sterile brome, the bane of cereal growers' lives, grows uncontrolled; and the common poppy, capable of producing over 400 flowers from a single plant, has never had it so good.

But among the wild flowers and grasses there are also selfsown cereals grown from seeds spilled last harvest. Those plants were hosts to fungal diseases through the winter and became the focus for spring infection of nearby crops of wheat and barley with yellow rust and mildew.

have now moved to damage this year's crops. Later in the year weed seeds from set aside fields will be blown around the countryside or spread by birds and animals.

and animais.

Those fields of poppies and the like may look attractive to the layman and make pretty pictures but they are not so popular with neighbouring formers attil trying to grow farmers atill trying to grow

economic crops.

Nevertheless, the Government continues to advocate set-aside and the Countryside Commission has just added to it by offering further compen-sation to farmers across seven East Anglian counties who manage their uncropped land to approved conservation stan-

Called the Countryside Premium, the new scheme will for instance pay up to £48 an acre per year for five years in addition to the existing £30 an acre for set-aside to farmers who agreed to create areas of native grassland and allow the public

I do not share that confifree access to them.

Smaller paymants will be made for other activities such dence. As I look at this year'a UK cereal crops dying in the

as the planting of wooded margins to fields (£34 an acre):

managing a wildlife fallow cast a month ago even if it suitable for ground nesting rains for the rest of the sumrains for the rest of the sum-mer, as I read reports of simi-lar conditions across the whole birds (£45 an acre) and so on. On the face of it the combiof northern Europe; and as I nation of the set-aside and Countryside Premium paystudy otatistics which indicate an inexorable rise in demand ments begin to make "farming the subsidy" look quite attractive. Indeed, if both payments could be guaranteed in full on all land, a total return of £128

per acre would in theory make it worthwhile to

oversupplied market) and take

the Government's money. The

yield in excess of 10 per cent would, I believe, be quite com-

It is not as simple as that of

course. The management of the conservation areas will swal-

low up a large proportion of the premium payments; the Countryside Commission will only allow suitable land into the scheme and the Govern-ment has allocated a mere

£400,000 for 1989-90 and £650,000

however, does put the current perceived value of not growing

crops into perspective. It also appears to confirm the Govern-ment's unshakeable conviction

that food surpluses are inevita-ble in the future if it does not

press ahead with semi-perma-

nent schemes to cut produc-

That simple calculation,

petitive.

for food and a steady decline in world stocks (and that remains true in spite of recent rain in the US) I fear that the higgest problem over the next few years and probably beyond will not be food surplus but food it worthwhile to buy bare land at £1 200 per acre (there is plenty available at that in an

At the very least, it seems to me schemes to take land out of production to deal with what may be a temporary problem should be quickly reversible. I am not convinced that current projections take that possibility seriously.

Far more likely, it seems to

me that the Ministry of Agri-culture and the Countryside Commission will be overwhalmed with requests from farmers who see opting out of production for five years assisted by increasingly generous compensation as their most viable option. Many will not atop at 20 per cent of their acreage as have two-thirds of the present participants in the scheme. They will dismiss all their workers and put whole farms down to set-aside.

I cannot help wondering if the popples of the future will look quite as pretty to people who may well have spent the previous few hours quening for

# Central banks urged to take more interest in gold

By David Blackwell in Lugano

**WORLD COMMODITIES PRICES** 

Ring turnover 18,775 lonne

33,786 lots

A CALL for central banks to take a more active role in the gold market was made yesterday by Mr Robert Guy, director of N M Rothschild's treasury and bul-lion division, in his opening address to the Financial Times World Gold Conference in

Lugano,
Mr Guy, who is also chairman of the London Bullion
Market Association, described
the central banks as "indifferent" to gold.
"If central bankers were sub-

ject to the same discipline as commercial gold fund managers most of them would have been sacked by now. Their gold assets have been withering on the branch," he said. Reserves were not the prop-

erty of government or central banks, he said, but of the taxpayer. They demanded active and professional management. Why should central banks not accumulate additional reserves at times of price weakness such as now, he asked? This was one of four suggestions he put forward on how the health and reputation of tha world gold market could be

(Prices supplied by A



GOLD

improved. He also called for lobbying of the EC to stop discriminating against gold as an investment; harder work on improving the efficiency and standards of the market place; and realisation that most gold market participants had a vested interest in a higher

Mr Guy pointed out that 1992 would provide the opportunit for change — the gold market must start now to lobby hard for the abolition of VAT on gold. He noted that virtually all the major wholesale coin operations in London had closed down. Ha said the cost to the EC of VAT fraud during the 1980s had been several hundred million dollars. High taxation was detrimental to

**US MARKETS** 

in the metals, prices drifted lower on speculation that the federal reserve

may delay any easing in money policy reports Drexel Burnham Lambert. Gok and platinum hed scattered selling

Copper trading had fund selling sinking prices 105. In the softs, trade selling

elected stop orders in sugar as prices bottomed at 1348 before closing near the unchanged level. Cocos was firm

from trade activity. Negative ICO talks depressed the coffee market. Most of

the grains were lower as upcoming rain in the mid-west weighed on the markets. Wheat futures managed to

rally on Soviet lender activity over the

as Friday's cold storage report lifted the markets. Pork beliles posted the

end. The livestocks all advanced

white commission house and fund switching was featured in the silver

both the jewellery and hullion coin industry. Mr Brian Marber, director of

his own foreign exchange and precious metals consultancy in London, said that according to his technical analysis of the market, gold's current bear phase would end on Friday if the London afternoon fix was above \$383 an ounce. But that did not necessarily mean the price would immediately rise harply, he said. He also found it hard to reconcile the possible end of the bear market with his bullish attitude to the dollar, especially against the Deutsche mark.

In the short term, the price was still below the moving one year average of just over \$400 an ounce, and could still get stuck in the 360-375 row range.

Mr George Milling-Stanley, senior gold analyst with Con-solidated Gold Fields, said demand for gold was currently outstripping mine supply, and that at current prices the potential for further falls was limited by continued high lev-els of demand from the Far East. He predicted \$350 to \$500 an ounce over the next two to three years. The main factors in bridging

the 468-tonne gap between sup-ply and demand last year, he said, were forward sales and gold loans — in which miners finance investment with receipts from sales of borrowed gold, to be repaid ounce-for-ounce out of future production. In addition to the rise in gold loans, mine production had reached a record 1,538 tonnes, booming jewellery demand had pushed overall demand to a record 2,318 tonnes, and gold investment outside Europe and North American had also hit

ecord levels. Mr Urs Seiler, senior vice president with the Union Bank of Switzerland, said it was continue at the same rate of growth as over the past two years. In the short term, the loans had been and would con-tinue to be bearish on the gold price — but from a longer term perspective "the hedging and financing activity is not so bearish as the future produc-tion has already been largely absorbed by the market."

COPPER 25,000 lbs; cents/lbs

Close Previous High/Low

108.60 109.00

Mr Bryan Parker, of the World Gold Council, said that if the 1970s were the era of the gold investor and the 1980s the era of the miner, the 1990s could become the era of the gold consumer. He pointed out that gold jewellery's dominant position as the major consumer of non-communist world mine output had helped to underpin prices. It soaked up 1,500 tonnes or 80 per cent of West-

ern mine supplies last year.

Mr Tom Main, chief executive of the Chamber Mines of South Africa, said the South African industry faced several problems, including the declining dollar price of gold, double figure inflation and political uncertainty, During the past 15 years South Africa's share of fallen from 75 per cent to 40 per cent.

However, doubts about the

life expectancy of the booming gold mining industries in North America and Australia led to speculation that "the current production boom will be short lived, and the focus of gold mining will eventually return to South Africa."

SOYABRAMS 5,000 bu min; cents/60% bushel

Chicago

#### LONDON MARKETS

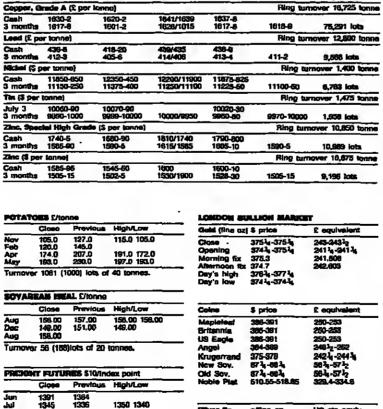
CONCERN ABOUT the low level of

London Metal Exchange warehouse yesigrdey, although the underlying market tone was dull. While the three months position for high grade zinc closed only \$6.50 up from Fridey's level et \$1,510 e tonne, last week's 275-tonne atocks lell to 28,825 lonnes helped the cash quotation to gain \$42.50 to \$1,590 e tonne. Demand for cash metal was elso evident in the lead market, where the prompt position rose £12 to £437 s lonne, widening the premium over the three months price from £13.50 to £24.50 a ionne. The lead the spring — traditionally the "oil-season" for leed buying. That has loft the exchange's reserves at en uncomfortably low level. Yesterdey they lett 625 tonnes to 35,575 tonnes. SPOT MARKETS

Crude off (per barrel FOB)		+ ar -
Cutai Bieni Bland W.T.I. (1 pm est)	\$15,45-5.60w \$18,00-0.10v \$20,10-0.15w	<b>+</b> 0.10
Off products (NWE gromp: delivery per to	onne GIF)	+ or -
Promium Gasoline Gas Oit Magyy Fuel Oit Naphiha <i>Potroleum Argus Estimat</i> es	\$218-220 \$145-148 \$69-91 \$164-167	+ 12 + 2
Other		+ 01 -
Gold (per troy oz)© Silver (per troy oz)© Platinum (per troy oz) Pallodium (per troy oz)	\$375.5 534c \$502.25 \$154.00	+4.25 +7 +34 +0.5
Aluminium (free market) Copper (US Producer) Lead (US Producer)	\$1885 1145g-118c 38 5c	-10
Nickol (Ireo markol) Tin (European Ireo markol) Tin (Kuala Lumpur markol) Tin (Now Yerk) Zinc (US Prima Western)	26 30r	+5 -137.5 -0.33 -1.0
Cattle (live weight)† Shoop (dead weight)† Pigo (live weight)†		+0.44° -2.88° -2.32°
London dally sugar (raw) London dally sugar (white) Tale and Lyle expert price	5423×	-6.4 -4.0 -4.5
Barley (English lood) Maize (US No. 3 vellow) Whoai (US Oark Northorn)	£105.5w £131.5 £132.5u	-0.5 + 0.5
Rubber (spot) Y Rubber (Aug) Y Rubber (Sep) Y Rubber (KL R\$S No 1 Jul)	60.50p 65.25p 66.00p 264.5m	+0.50
Coconut oil (Philippinos)s Palm Oil (Malayslan)s Copro (Philippinos)s	\$562.5% \$380 \$355	

coltops |643 Su nts/lo. r-ringgil/kg. v-Jul. u-Jun/Jul. x-Ju Aug. w-Aug. z-Aug/Sep. 1Most Commission averago latslock prices. \* chango trem a work ago. Vt.ondon physical market. fCIF Reterdam & Buillen market close, m-Malaysian conts/kg.

	Chmino			
	Clase	Previous	High/Low	
hrit	833	617	835 824	
Sep Doc	856 910	837 895	856 845 915 699 902 887	
Mar May	898	895 878	902 887	
ادال	906 915	887 900	910 896 926 910	
Sep	937	917	940 928	
Turnov	or:5784 (37	41) lots of	10 tonnes la per tonne). 23.08) :10 dey 3.12)	0-4
orice %	ridicator p or Jun 26	1035.56   10	23.08) :10 day	EVE
age for	Jun 27 10	16.43 (101	3.12)	
COFFE	E L'Ionne			
	Close	Previous	High/Low	
Jul	1066	1109	1102 1085	
Sep Nov	1043 1038	1084 1080	1081 1043 1065 1035	
Jan Mar	1046 1061	1090 1096	1079 1045 1080 1058	
Mar May	1078	1113	1091	
	er:5321 (22	211) lots of	5 tonnée	
ICO In	dicator pri	cos (US c	ents per pour 2  102.62) . 1:	d) to
averag	o 105.77 1	106.621		
SUGA	R (5 per 1e	ncol		
Raw	Close	Previous	High/Low	
Aug	305.00 306 00	305 00 304.20	305.80 300.00	<del>-</del>
Det Dec	306 00 295.20	304.20 290.00	307.00 299.00 289.00	
Mar	287 40	284.80	285.00 281.00	•
May	284,40 260,00	283.00	261.00	
Oct	272.80	260.00 274.00	269.00	
White	Close	Provious	High/Low	
Aug	418 00	412.00	416.00 410.00	
	373.50 363.50	371.00 381.00 345.00	373.00 367.00	
Dec				
Dec Mør	349.00	345 00	348.00 345 00	!
May	349.00 347.00 345.00	345 00	348.00 345.00 346.00 343.00 343.00	1
Dec Mer May Aug Oct	349.00 347.00 345.00 342.00	4021 (2004	343 00 340.00	
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Dec Mary Mary Mary Mary Mary Mary Mary Mary	349,00 345 00 345 00 345 00 342 00 707. Row 1341 (1997 White (FFF) 578, Mar 2 6 Off, \$786  17.11 16.67 17.11 16.67 17.12 14.25 144.25 144.25 148.50 149.50	4831 (7284). ). por tonnel 310, May :  rrel e Previde 5 17.22 0 16.90 7 16.73 3 18.83 4783].  Provincus 142.50 142.75 144.05 145.75 140.50	343 00 340.00 ()lote of 50 to 2305, Aug 2750 Oct 2305, Aug 230  IIII High/Low 17.47 17.3 17.15 17.0 16.90 16.8  High/Low 145.25 143.25 143.25 144.30 145.25 144.30 145.00 145.00 150.00 148.00 150.00 148.00 150.00 148.00	2444 0, Oc
Dec Mary Mary Mary Mary Mary Aug Oct Turnov White Dec 2170.  CRUP Inc Turnov GAS CO Oct Inc	349,00 345 00 345 00 345 00 342 00 707. Row 1341 (1997 White (FFF) 578, Mar 2 6 Off, \$786  17.11 16.67 17.11 16.67 17.12 14.25 144.25 144.25 148.50 149.50	4831 (7284). ). por tonnel 310, May :  rrel e Previde 5 17.22 0 16.90 7 16.73 3 18.83 4783].  Provincus 142.50 142.75 144.05 145.75 140.50	343 00 340.00 ()lote of 50 to 2305, Aug 2750 Oct 2305, Aug 230  IIII High/Low 17.47 17.3 17.15 17.0 16.90 16.8  High/Low 145.25 143.25 143.25 144.30 145.25 144.30 145.00 145.00 150.00 148.00 150.00 148.00 150.00 148.00	2444 0, Oc
Dec May Mer May Mer May Aug Oct Turney CRIPE Inc. Turney CAS Oct Nov CAS OCT Turney CAS OCT TURN	349,00 345 00 345 00 345 00 342 00 707. Row 1341 (1997 White (FFF 578, Mar 2  Close 17 35 17 11 16 65 17 25 17 25 14 25 14 25 14 25 14 25 14 25 14 25 14 25 16 5635 (9	4831 (7284). ). por tonnel 310, May :  rrel e Previde 5 17.22 0 16.90 7 16.73 3 18.83 4783].  Provincus 142.50 142.75 144.05 145.75 140.50	343 00 340.00 ()lote of 50 to 2305, Aug 2750 Oct 2305, Aug 230  IIII High/Low 17.47 17.3 17.15 17.0 16.90 16.8  High/Low 145.25 143.25 143.25 144.30 145.25 144.30 145.00 145.00 150.00 148.00 150.00 148.00 150.00 148.00	2446 0, Oc
Dec May White Paris- May White Paris- Dec 222170.  CRUID Dec 222170.	349,00 347,00 345 00 345 00 342 00 342 00 707. Row 1341 (1997 White (FFF) 78, Mar 2 17.16 17.16 18.50 17.16 17.16 18.50 14.25 14.25 14.50 148.50 148.50 148.50	4631 (7284). ), por tonnel 310, May : 1714  e Previde 5 17.22 0 16.90 7 16.73 3 16.83 47531 47.25 144.00 145.75 140.50 184)lots of	343 00 340.00 34	2446 0, 00
Dec May Minde Paris Turnov May Minde Paris Turnov CRUSO CRUSO CRUSO Turnov Turnov Turnov Turnov	349,00 345 00 345 00 345 00 342 00 701. Row 1341 (1997 White [FF] 178, Mar 2  E OIL S/6s 17 31 17 31 16.63 17 22 17 31 14.15 14.25 144.50 149.50 149.50 149.50 149.50 149.50 149.50 149.50 149.50 149.50 149.50 149.50 149.50	4831 (7284) ). per tonnel 310, May :  e Previde 5 17.22 0 16.90 7 16.73 16.83 4783)  Provious 142.50 142.75 144.05 147.75 140.50 184) lots of	343 00 340 00 34	2446 0, 00
Dec May Minte Paris- White Paris- Turmov Minte Paris- 2170.  CRISTO Dec 22 2170.  CRISTO Dec 22 2170.  CRISTO Dec 22 2170.  Turmov Move Turmov Woelf Turmov Woelf Turmov	349,00 347,00 345 00 345 00 342 00 342 00 707. Row 7341 (1997 White (FF) 78, Mar 2 709 177,11 16,87 177,11	4831 (7284). ), por tonnel 310, May : irrel e Previde 5 17.22 0 16.90 7 16.73 3 16.83 47831 142.50 142.50 142.75 140.50 184) lots of 5 184) lots of 5 184) lots of 5 184) lots of 5 186 288 5 6 288 5	343 00 340.00 340.00 310ts of 50 ts : Aug 2750 Oct 2305, Aug 230 17.47 17.3 17.15 17.0 16.90 16.8 145.25 143.25 146.25 144.50 146.25 144.50 150.00 148.00 150.00 148.00	2446 0, 00
Dec May Mar May Mar May Mar May Mar May	349,00 345 00 345 00 345 00 342 00 342 00 342 00 707. Row 1341 (1997 White (FFF) 178, Mar 2  6 OIL S/bs Cloos 17 35 16 17 11 16 63 17 28 17 28 14 20 14 20 14 20 14 20 14 20 14 25 14 20 16 53 16 17 20 16 55 17 30 16 55 17 30 18 50 19 1	4831 (7284) .). per tonnel 310, May : 1722 ) 0 16,90 0 7 16,73 16,83 4783)  Provious 142.50 142.75 144.05 0 145.75 147.75	343 00 340 00 Slote of 50 to Aug 2750 Oct 2305, Aug 230 Sus High/Low 17.47 17.3 17.15 17.0 18.90 10.8 145.25 143.25 145.25 143.25 146.20 148.00 150.00 148.00 150.00 148.00 150.00 148.00 100 tomned	2446 0, Oc
Dec Mer May Aug Oct Turmov White Pans- Turmov Turmov Turmov Turmov Turmov Turmov Sector Assic Addition Turmov World Sector Assic Addition Turmov More Sector Addition Turmov More Sector Additional Turmov More Sector	349.00 345.00 345.00 345.00 342.00 707. Row 1341 (1997 White (FFF) 78, Mar 2  E OIL S/ba  Closs 17.16 16.67 17.16 16.67 17.16 14.50 144.50 144.50 149.50 149.50 10 o wore 15, 15 salo, indo on, reports clation. The and with be	4631 (7284) 1. por tonnel 310, May : 17161 8 Previo 5 17.20 7 16.73 3 16.83 4753) 142.75 144.00 145.75 144.00 145.75 144.00 145.75 140.50 184)lots of	343 00 340 00 340 00 310 to of 50 to 340 00	2446 0, Oc
Dec Mer May More May More May More May More More Turmov More May	349.00 345.00 345.00 345.00 342.00 707. Row 1341 (1997 White (FFF) 78, Mar 2  E OIL S/bs  E OIL S/bs  E OIL S/bs  E OIL S/bs  17.31 18.66 17.32 14.50 144.50 144.50 145.25 147.00 148.50 149.50	4831 (7284) 1. por tonne) 310, May : 1716   8	343 00 340 00 34	2446 2, Oc
Dec Mer May Aug Oct Turmov White Pans- 2170. CRIMB Dec 2: 2170. CRIMB	349.00 345.00 345.00 345.00 342.00 707. Row 1341 (1997 White (FFF) 78, Mar 2 17.11 16.67 17.11 16.67 17.11 16.67 17.11 16.67 144.50 144.50 145.25 144.50 145.25 145.26 145.00 148.50 149	4631 (7284) 1. por tonnel 310, May : 17761  e Previde 5 17.22 0 16.90 7 16.73 3 16.83 4753)  Provious 142.75 144.00 145.75 144.00 145.75 144.00 145.75 140.50 184)iots of 184)iots of	343 00 340 00 340 00 310 to of 50 to of	2446 0, Oc
Dec May Mer May Mer May Mer May Mer May Mer	349,00 345 00 345 00 345 00 342 00 342 00 707. Row 1341 (1997 White (FF) 178, Mar 2  E OIL S/bs  E OIL S/bs  17 35 16 17 18 16 16 17 35 17 18 16 17 18 16 17 18 16 17 18 16 17 18 16 17 18 16 18 18 17 28 18 29 18	4831 (7284) ). per tonnel 310, May : 1722 1 16,73 1 16,83 142,50 142,75 144,05 142,75 144,05 147,75 140,50 184) lots of 184) lots of	343 00 340 00 Slote of 50 to Aug 2750 Oct 2305, Aug 230 Sus High/Low 17.47 17.3 17.15 17.0 18.90 10.8 148.25 143.25 148.25 143.25 148.20 148.50 149 50 148.00 150.00 148.00 100 tomned	2446 0, Oc
Dec May Mer May Aug Oct Turmov White Pans-2170.  CRUID Dec 22 2170.  CRUID Sep 2 2170.  C	349,00 345 00 345 00 345 00 342 00 342 00 342 00 707. Row 1341 (1997 White (FFF) 178, Mar 2 17 32 17 11 15 11 16 17 12 17 18 18 17 22 18 18 25 1	4631 (7284) 1. por tonne) 310, May : 1716  6 Previol 5 17.20 0 16.90 1 16.73 3 16.83 4753)  Provious 142.75 144.00 145.75 144.00 145.75 144.00 145.75 144.00 145.75 146.50 184)lots of	343 00 340 00 340 00 310 to of 50 to of	2444 0, Oc 122 35



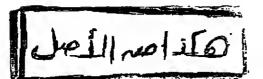
į	EAN HE	al Citonna		_					
•	Close	Previous	High/Low	Coine	\$ price		equiv	slent	•
_	158.00	157.00	158.00 158.00	Mapleleat	388-391		250-253		•
	149.00	151.00	149.00	Britannia	385-391	-	250-253		
	158.00			US Eagle	386-391	-	250-253		
Ä	56 (188	liots of 20	tonnas.	Angel	384-389		487-2	52	
•	,	,		Krugerrand	375-378		421-2		
				New Sov.	87 4-86 A		64.57		
Ň	T FUTUS	RES 510/Inc	lex point	Old Sov.	874-684		84 57	ر ا	
_	Close	Previous	High/Low	Noble Plat	610.55-51	L85 3	329,4-33	A.S	
_	1391	1384		_					
	1345	1336	1350 1340						
	1480	1476	1485 1480	Sever fix	bygué ás	·	IS CES	equiv	
	1530	1524	1530 1520	Soot	353.78		31.30		۰
	1553	1563		3 months	366.45		43.70		
	1399	1399		_ 6 months	390.45		556.00		
Ξ	110 (11	21		12 months	390.45		578.60		
_		<b>-</b>			380.43	•	J. B.30		
E	5/tanne			LONDON ME	TAL EXCH	Uson Ti	وعوم	OPTION	
	Close	Previous	High/Low	- Aluminium (S		Calls		Purts	•
	106.25	107.25	106.25						
	109.15	110.15	109.25 109.00	Strike price	\$ tonne Jul	Sep	Jul	\$ep	
	113,10	114.10	113.10 113.00	1800			10	54	•
	118.20	117.1\$	115.25	1900	85	92	50	107	
	119.75	120.65	119.75 118.65		25	47			
				2000	4	21	126	179	
_	Close	Previous.	High/Low	- Copper (Grad	ie A)	Calls		Puts	
_	104 30	104.88	104 45	- 2350	176	100	4	66	
	108 10	109.65	108.25 108.10	2450	93	134	20	107	
	111.30	111 65	100.20 100.10	2550	37	00	64	161	
			Barley 10 (36).	-					
	r lots of	100 tonnes.		LOSSOCIA PO	X TRADED	OFTION	15		•
				Cotton	Se	Nov	Sep	Nov	•
C	ash Settle	ement) p/kg	<del></del> _	- 1050	80	B1	70	93	•
	Close	Provious	High/Low	1100	49	85	105	127	
	114.0	114.5		1150	34	49	141	161	
	1110	111.0		Cocon	Sec	Dec	Sep	Dea	•
	1150	115.0	114.5						
	110.0 109.0	116.0 108.7	115.5	800	67	126	11	17	

up 188. The energy complex was higher from technical buying. Prices closed over the \$20 level, basts August. Cotton prices railled from commission house buying on first notice day in July.						
Ne	w Y	'ork				
GOLD		oz.; S/troy o				
	Close	Previous	High/Lo			
Jun Jul	375.1 375.1	378.5 379.7	378.0 377.8	876.0 877.8		
Aug	378.3	381.8	361.1	377.1		
Oct	382.4	385.8	385.0	381,2		
Dec	388.6	300.0	300.5	365.5		
Feb	390.7	394.1	392.9	388.4		
Apr	394.9	398.4	0	0		
Jun Aug	399.1 403.3	402_7 407_0	402.0 0	400.0		
<u> </u>		roy az; \$/tre				
	Close	Previous	High/Lo			
Ju(	512.1	516.6		508.0		
Oct	514.5	519.3	014.5 517.0	510.6		
Jan	515.3	521.0	017.5	513.0		
Apr	519.8	524.5	520.5	518.0		
اتار	\$25.0	<b>828.2</b>	522.0	522.0		
845'A£	99 5,000 tr	oy oz, cent	vtroy cz.			
	Close	Previous	High/Lo	W		
Jun	530.6	533.0	528.0	622.0		
Jul	531.0	533.8	536.5	625.0		
Aug	\$35.5	539.3	<b>\$36.0</b>	838.0		
Sep	540.5	543.1	546.0	635.0		
Dec Jan	553.5 557.0	555.8 559.3	555.6	847.0 0		
Mar	565.4	539.3 587.7	0 565.0	582.5		
May	573.9	578.2	674.0	673,5		
أنظ	\$82.6	584.P	582.4	582.0		
Sep	591.4	593.7	0	0.		
	GES					

2027.9 2034.5 2006.8

DOW JONES |Base: Dec. 31 1974 = 100)

Jun	107.55	108.60	109.00	107.8Q			7000 GG 1111111,	CONTRACTOR	DOMESTICAL
Jul	107.65	108.70	110.00	107.30		Close	Previous	High/Los	
Aug	107,35	108.50	0	0	feet				
Sop	106.50	108.30	108.50	108.50	deal	731/0	731/0	732/0	717/
Dec	103.20	106.00	108.00	102.50	Aug	698/0	704/6	700/0	687/
					Sep	652/0	664/0	653/4	643/
HUE	E OIL (LK	ht) 42,000	US cells 6/	berrel	Nov	683/4	645/4	636/0	624/
					Jan	641/4	650/6	642/4	632/
	Latest	Previous	High/Lox		Mar May	009/4	661/0	651/0	640/
Aug	20.17	19.71	20.21	19.78	way	654/4	662/0	655/0	644/
Бер	19.27	18.95	19.30	18.90	COY.	GEAN OF	00 000 the	E	
Oct	18.72	18.51	18.75	18.48	3011	DESCRIPTION OF	60,000 fbs;	CEUCRID	
VQV	10.37	18.20	18.41	12 19		Close	Previous	High/Low	,
200	18.14	17.99	12.16	18.00	Jul	20.44			
Sen .	17.96	17.84	17.98	17.84	Aug	20.44	20.76	20.58	20.30
Feb	17.77	17.74	17.96	17.70	Sep	20.66	20.96 21.10	20.70	20.5
Mar	17.68	17.06	17.83	17.65	Oct	20.89	21.30	20.65	20.8
Apr	17.80	17.98	17.85	17.60	Dec	21.16	21.55	21.00	20.80
Way	17.55	17.55	17.69	17.53	Jen	21.20	21.62	21.25	21.0
	-				Mor	21.45	21.56	21,30 21.70	21.15
EAI	ING CIL 4	2,000 US ga	ins, centar.	ks Gene	May	21.57	21.95	21.62	21.45 21.57
	Latest	Previous	High/Low						21.0
ul I	4070	4040		***	SCYA	BEAN NE	AL 100 lons	Effen	
	5000	4849 4899	6005	4915					
lug Sep	5086	5068	5026 5090	4945 6015		Close	Previous	High/Low	,
)ct	0135	5125	5160	5005	Jul	217.3	219.2	217.5	-
iov	5225	5192	5230	6155	Aug	206.7	211.2	209.0	214.1
lec .	6276	5259	5290	5235	Sep	200.7	205.5	201.0	305.0
ec eb	5180	5208	5180	5180	Oct	192.2	198.7	192.5	198.0
_	J		3100	3100	Dec	189.7	195.2	190.5	149.5
occ	A 10 mm	04;\$/tormes			Jan	158.0	193.2	189.4	167.5 167.5
					Mar	168.0	193.0	189,5	187.0
	Class	Previous	High/Low		May	187.2	198.5	187.0	187.6
ui	1220	1209	1290	1203					147.5
ep	1240	1226	1246	1227	MAZZ	E 5,000 bu	min; cents/(	50th bushel	
GC	1270	1257	1278	1257		Close	Previous		
ler -	1275	1267	1277	1265	-			High/Low	
lay	1280	1278	1286	1285	Jul	257/6	262/0	259/4	258/4
ď	1290	1294	1290	1205	Sep	244/2	251/4	247/0	243/1
ер	1311	1315	1312	1306	Dec	240/4	249/0	243/4	239/0
					Mar	246/6	255/6	249/4	245/6
OFF	EE "C" 37.	,500lbs; cer	rts/ibs '		May	248/2	257/6	258/0	248/
		_			Jul	245/2	267/6	252/4	248/2
	Clase	Previous	High/Low						
ш	111.00	117.98	115.00	110.50	WHEA	T 5,000 No	win: coat	80lb-bushel	
Sep	105.91	110.64	108.40	105.05			man, Cantes	onio-pustael	
)ec	103.48	107.86	106.00	103.00		Close	Previous	High/Low	
/ar	105.43	108.30	107.00	105.00	Jul	401/6			
May	108.00	110.38	108.00	108.00	Sen	404/0	397/4	406/0	399/0
<b>R</b> uj	109.60	111.13	110.00	108.50	Sep Dec	415/2	401/0	406/4	401/0
эвр	105.00	105.00	0	0	Mar	416/4	414/4	419/4	414/0
•					May	404/0	418/0	421/0	415/0
NGA	R WORLD	<b>~11</b> ~ 112,0	00 lbe; cent	s/iba	•	-444	407/0	406/4	401/4
					100				
	Close	Previous	High/Low				000 lbs; cer	th/ibs	
fu(	13,69	13.72	13.70	13.48		Close	Previous		
)ct	13.69	13.69	13.72,	13.44	A			High/Low	
	12.66	12.90	0	0	Aug	70.90	69.57	70.80	69,76
Amr	12.88	12.81	12.84	12.98	Sep	71.50	71.02	72.02	71.70
/ay	12.73	12.68	12.75	12.60	Oct	73.30	72.70	73.55	71,50
kul	12.60	12.63	12.60	12.50	Dec	72.97	72.67	73.25	72.62
æ	12.30	12.37	12.45	12.30	Feb	72.02	72.00	72.20	72.67
_					Apr	72.52	72.55	72.80	71.90
_	DN 50,000				Jun	71.45	71.60	71.80	72.60
~ ( (	93,000	ACHIEN/108			_	_			71.30
	Close	Previous	High/Low		LIVE H	008 20 0	0 lb; centary		
	-	** **		00.07			0; GGH(5/)	DS	
lul .	67,20	66.67	68,10	66.67		Close	Previous	Make	
)ct	70.15	<b>69.35</b>	70.85	69.80	Jul	48.97		High/Low	
)OC	70.40	69.80	71.97	70.25	Aug	48.97 48.95	49.67	50.20	49.75
dar	71.10	70.52	72.00	71.80	Oct		48.35	49.00	48.60
tey	77.91	71.20	72.70	71.70	Dec	44.35	44.22	44.62	44.25
ш	71.93	71.35	72.45	72.00	Feb	46.60	46.30	46.62	46.36
ict	67,95	67.00	66.15	67.80	Apr	47.55	47.85	47.80	
					Jun	44.35	44.40	44.70	47.45
MAN	<b>GE JUICE</b>	15,000 ibs;	cents/lbs		اليب	48.37	48.22	48.70	44.30
								-	48.30
	Close	Previous	High/Low		PORK	BELL IPS 4	0,000 lbs; ce		
	400.00	181_90	187.90	181.90			A'MOD (DE! CE	mts/lb	
			173.55	169.00		Close	Previous		
	166.00 173.85			158.00	ابرا			<b>Нібру, ом</b>	
iep	173.86	166.55 157.55	469 85		-	35.55	33.87	22.00	
iep Iov	173.56 182.85	157.55	162.85	159 75	Ann-	9e			
lep lov en	173.86 182.85 157.25	157. <b>55</b> 153.25	157.25	152.75	Aug	35.66	33.77	35.60 35.72	34,20
iep iov en ier	173.86 162.85 157.25 168.50	157.55 153.25 152.65	157.25 150.50	154.50	Feb	51.78	33.77 50.35	35.72	34,32
iep iov en ier ier	173.55 162.85 157.25 168.50 166.80	157.55 153.25 152.65 152.05	157.25 156.50 0	154.50) 0	Feb Mer	51.78 51.00	33.77 50.35 49.80	35.72 51.80	34,32 50.30
lep lov en ler ley ul	173.55 162.85 157.25 166.50 166.80 155.80	157.55 153.25 152.65 152.05 162.06	157.25 150.50 0	154.50 0 0	Feb Mar Jul	51.78 51.00 52.20	33.77 50.35 49.80 51.30	36.72 51.80 61.00	34,32 50,30 50,00
iul Sep Nov len Aer Key kul Sep	173.55 162.85 157.25 168.50 166.80	157.55 153.25 152.65 152.05	157.25 156.50 0	154.50) 0	Feb Mer	51.78 51.00	33.77 50.35 49.80	35.72 51.80	34,32 50.30



#### LONDON STOCK EXCHANGE

# Equities remain firm as pound slides

continued to stand resolutely firm yesterday as the pound fell through the highly sensi-tive 90 level on the sterling exchange rate index and City analysts grew increasingly ner-vous ahead of today's announcement of the UK trade figures for last month. With dollar-earning stocks buoyed both by firmness in the US cur-rency and Friday's strong per-formance on Wall Street, the London stock market brushed off worries about domestic interest rates to open the sec-ond leg of the trading Account in good heart. Turnover was fairly low, but once again there was no sign of

-		
_	وطاله	Dates
 ابعد	3	Jul 17
	13	Jel 27
Jul	14	Jul 28
34	24	Aug 7
		place from
	101 101 101	Jul 3  Jul 13  Jul 14  Jul 24  p stey taken

selling by the major invest-ment institutions. Equity mar-kets were waiting for definitive news from the European Com-munity summit in Madrid. eanwhile, equity market analysts remained convinced that the UK authorities will do their utmost to avoid any further rise in domestic interest rates.

Despite the pound's early dip below the 90 mark, before help from the Bank of England temporarily revived its fortunes, equities were firm from the outset. At best, the Footsie Index showed a net gain of more than 14 points, and it was the slow start on Wall Street, rather than sterling'e return to below 90 on the sterling exchange rate scale, that took the top off share prices

towards the end off the day.
The final reading of 2,179.6

a net gain of 12.1 on the day
took the FT-SE Index back to levels last seen on May 18, the session before the Index moved to its post Crash peak of 2,204.7. Seaq volume of 336.8m shares indicated the overall lack of business; on Friday, Seaq reported 490.3m shares traded. Even in the dollar favourites, such as Glavo and ICI, turnover was moderate and contrasted with the sharp

gains in share prices.

Market makers were keeping trading positions tightly trimmed ahead of this morning's announcement of the May trade figures for the UK. Some analysts have raised their projections for the month's deficit on current account; the market concensus has been moving towards a deficit of £2bn, compared with £1.7bm in April.
"Anything above £2bn will be bad news for the equity market," was the general view. Yet, the stock market appeared unmoved yesterday when sterling fell away against the DM and London money market rates moved higher. Although there were no new

developments yesterday, the market remained underpinned by last week's bids of £3.1hn for Consolidated Gold Fields and of around 12bn for Gateway, the food supermarket firm. Gold Fields shares edged higher as the market awaited higher terms from Hanson, but paid little heed to suggestions of a management buyout plan for the mining and industrial

share for Booker helped the food manufacturer add 6 at

overselling as a result.

London International put on

Ord. Di. Yield
Earning Yid %(full)
PE Ratio(Net)(14)
SEAO Bargains(Spm)
Equity Turnover(Em)†
Equity Bargains†
Shares Traded (ml)† 10.46 11.52 22,453 1485.60 28,438 511.8 10.39 11.60 23,721 1722.9 26,878 525.6 26,227 Opening 010 am. 011 am. 012 pm. 01 pm. 17992 1803.6 1804.7 1805.9 1806.5 DAY'S HIGH 1512 8 DAY'S LOW 1796.3

95.89

FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS

The failuring is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

64.66

95.89

20

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## **US** turns seller of Racal

A spate of selling of shares in the Racal duo yesterday afternoon suggested that US investors had joined UK holders in taking a bearish view of last week's proposals to increase competition in the UK personal communication are market. Both Racal Electronics and Racal Racal Electronics and Racal Telecom were hit, turning sharply off on increased turnover, in contrast with an ear-lier steadiness in both stocks.

Some UK analysts have commented on the implications of the disclosure by Lord Young, UK Trade Minister, of Govern-ment plans for the telephone industry, in particular for the earnings outlook at Racal Tele-com which has been accorded a very high rating by US secu-

"Around two-thirds of Telecom'e valuation was based on 1997 cash flow estimates, and these prospects must now be under question," commented one analyst who preferred not

to be named.
US selling, despite the dol-lar's firmness and Wali Street's relative strength, is unsettling for Telecom shares, which are heavily held in the US. At the close, Racal Telecom shares were down 14 at 432p, on turn over of 1.9m, while Racal Elec-tronics lost 14 to 451p with 718,000 shares traded.

..but buyer of Glaxo Glaxo shares provided one of the high spots of the day as last Friday's heavy US buying powered the stock ahead 37.

before easing by the close to 1423p, an improvement on the day of 3L Turnover was 1.4m Dealers were also excited by

what might be revealed in Thursday's sequence of meet-ings between the company and City analysts. One trader felt, however, that Glaxo would simply make sure that no profit forecast was too far out from the final figure for the current year. The dollar's improvement against sterling like blood because Claro call. also helped, because Glaxo cal-culates earnings on the basis of a year-end exchange rate. Sev-eral analysts have recently raised their estimates for this reason. The company'e year ends this month

After hours BZW published a profit upgrade for Glaxo on Topic. The new forecast is for £1,005m, against £973m. But Mr Steve Plag, of BZW, emphasised that the change reflected the performance of the company's £10n in liquid funds at a time of high interest rates,

Reorganisation

■ DAVY CORPORATION has

restructured its business into six divisions, each with a chief executive who is a member

of Davy's executive committee.
The chief executives are: Mr

Peter Newman (metals), Mr Patrck McTighe (process), Mr

David Soley, (offshore), Mr Peter Harrisson (mechanical handling), Mr Michael

Coleman (services), and Mr

(construction and property).

Mr McTighe is also deputy chief executive of the Davy

Corporation and Mr Couchman

Supporting these divisions

a separate company, with Davy Corporation's chief executive

Scuffham as executive director.

■ Mr David Fuller has joined REED INTERNATIONAL as head of group taxation. He was vice president - international

Tony Tillin has been appointed

International, part of Reed Telepublishing. He moves from Reed Business Publishing

Group where he was a director.

Development has been made

Maurice Couchman

a main board director.

Mr Roger Kingdon as chairman and Mr Barrie

Davy Research and

taxes, with United

International Pictures. Mr

chief executive of ABC

Corporation

at Davy

rather than the exchange rate against the dollar.

#### Tate upgraded

Tate & Lyle, the subject of US stakebuilding speculation in recent weeks, pnt in a strong performance as inves tors renewed their interest in the stock following a brokers upgrade. The shares rose confi-

dently to 262p, up a net 12 on turnover of over 3m.

The upgrading comes from Hoare Govett, Tate's broker, following its visit earlier this month to the group's US operations. Mr Richard Workman of Hoare has raised his profit estimates for this year by £10m to £190m, and for year-end September 1990 by a similar amount to 2210m. The new forecasts "reflect the atrong outlook for Staley [Tate's American corn-sweetening businese] coupled with some benefit from the strong

US dollar," said Mr Workman.
The talk of stakebuilding, inspired by consistently aggressive bidding for Tate stock by US securities house Merrill Lynch, has helped the share in recent tending and its shares in recent trading, and it is now thought that Archer Deniels Midland (ADM), a rival corn-sweetener to Staley, has built up a near 2 per cent etake. However, analysts believe the stake is a friendly

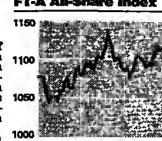
US buyers helped international stocks gain ground. BAT Industries recovered from last week's fall, sustained when Hanson's offer for Consolidated Gold Fields removed some of the bid premium. Dealers also said that US demand last Fri-day night had left American dealers short. BATs closed un 9 ers short. BATs closed up 9

shares, and BOC added 10 at 497p on news of its Tokyo list-

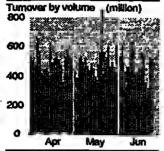
dealers wondered whether stock in SmithKline Beecham, the company to be formed as a result of the merger with SmithKline Beckman of the US, would be included in the Standard & Poor'e 500. Once again, there was no trade in the when issued form of the two SKBeecham instruments quoted on Seaq, although deal-

at 651p.
Sterling's weakness against the DMark helped ICI climb 15 to 1816b on voltime of 1.9m.

Beecham firmed 4 to 629p as



**Equity Shares Traded** Tumover by volume "(million)



ers marked the price of SKBee-

over Friday'e warning of a sharp fall in profits, Ferranti held steady at 83½p. Bid hopes again provided an underpin-ning, although Mr Chris Tucker of Kleinwort Benson commented that "any bid would have to be an agreed

Courtaulds attracted better inquiry and rose 6 to 346p in volume of 1.7m shares. Mr Aitken details several reasons for the revived interest. First, positions the group in exciting growth areas. Third, the tex-tiles and acrylic fibres businesses may well be nearing the end of their decline. Expiry of the waiting period under US anti-trust regulations

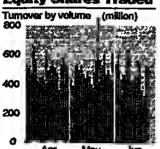
#### **NEW HIGHS AND LOWS FOR 1989**

**APPOINTMENTS** 

AMERICANS OF CAMADIANS (2) DANCE (6) Algerbens, Comerzis, Deutsche Bit., Schrodern, De. NY, BERWESE (2) Geinness, Merster Thompson, BULDBROS, 69 Dougles (R.L.), Laierge Coppes, Maright (4), NSS, Needler Grp., CHEMPGALS (7) STONES, Needler Grp., CHEMPGALS (7) STONES, COMERCE, CO., STONES, Needler Grp., LC-NEMPGALS (6) ASEA AB "A", Do. "B", Eriction (L.M.), Keeffl Systems, Prion, ESGMESERIBEZ, 69 ASEA (6) Bromstgrove Inda., Heden MacLellen, Menganese Bronzo, Mysemy, FOODS (2) Ashiby Grp. B-Spo-Civ. Pl., Gathway, REZUSTRADAS (19) Anbiber Ind., Anner Bus., Systems, Astra AS. Bear Brand, Capatro Inda., Cape Inds., Gapt, Grp., Charter Cont., Handley-Waller, Henvion, Do. 10pc Cv. L.R., Do. 5.78pc Cv. Rd. P., Criffsers, RFG Grp., Rooner, Do. "A", St. Gobaln, Toys,

#### FT-A Ali-Share Index





cham "A" up 6 at 521p and SKBeecham Reuity Units 75 better to 2600p, When the merger is complete the weighting in the FT-SE 100 index will be made up of the prices of the two stocks involving a fivefold multiplication of the number of equity units issued.

Despite some uneasiness

Lawrence Rubin of Kitcat & the fall in sterling has a dual benefit by enhancing US earnings and making dollar currency related imports less competitive. Second, the string of acquisitions, with a £26.5m US deal announced only last year, positions the group to exciting

Mr Philip Green (above) has

been appointed chief executive of COLOROLL GROUP. The

appointment confirms the role that Mr Green has been fulfill-

ing over the past twelve

of ROYAL WORCESTER,

succeeding Mr Chris Miller

INSURERS. He succeeds Mr P.R. Dugdale on July 1.

manufacturer of terra cotta and heavy clayware. Mr John

who is resigning. Mr Westbrook was managing director of Rowntree Australia.

months or more.

chairman of the

Wynchers, SEMMARCE (4) LINGUINE (1)
Chycleon, Memistapperia (1) Home Courries,
PARERS (2) Stance Edith, Visioninament,
PROPERTY (4) SHAPPERIA (3) SOUTH
APPRICABLE (1) TOBACCOS (1) Robinson,
TRISUTS (20) ULS (2) Méd. & Soci., Royal
Duch, OVERSEAS TRANSPER (1) Toper Kenz,
MINER LOWS (3),
ARTERICAS (1) CAMADIANES (1) BANKS
(1) Morgan Gronichi, BRALDROS (3) Bryant
(3), Martin, Wilson (Connolly), STORES
(1) SLECTRICALS (1) Newroark (Louis),
HOTTES (1) MEMISTRALS (10) Alzaprung
(3p., Arrer (3p., Brill, Societock, Hymen,
Linost (3p., Medical Brock), Mynon (3p.,
Relyon, Spander, Worcoster, LISRUISE (1)
PARENS (2) PROPERTY (4) TRUSTS (4)
OULS (2) MEMISTRAL (4)

#### removed one of the obstacles impeding progress of the Coats Viyella offer for Tootal and the latter's shares rose 2 to 130p. The bid remains conditional upon ehareholders of Coats Viyella approving the acquisi-tion and the Secretary of State for Trade and Industry not referring it to the Monopolies

Insurance stocks were mostly little moved, although Guardian Royal Exchange featured with a rise of 5 to 203p in good turnover after securities house BZW rated the stock a "trading buy" below 200p.

Few features were portrayed by first-line building stocks but NSM maintained the better trend established last week foltrend established last week fol-lowing the news of a sharp recovery in profits. The shares gained 5 further to 114p. Among chemicals, Chemoxy International moved up 10 to 271p after the Teesside reloca-tion statement while stock shortages contributed to York-shire Chemical rising 16 to 353p. The chares of jewellery

retailer Ratners outperformed a dull Stores sector, the stock adding 3 at 248p in the wake of a bullish agm. The instutional visit earlier this month to the group's US subsidiary Sterling was said to have gone down well, and County NatWest WoodMac, the company's broker, suggest 300p as a mini-mum short-term target.

Vague takeover speculation lifted selected stocks, notably Ward White, up 5 at 314p, and Dixens, up 2% at 144%p and once again tipped as a target for Kinglisher (steady at 304p). Marks & Spencer attracted some genuine interest, gaining 2 at 102p on turnover of 2.2m shares, Eody Shop rallied from the profit-taking of late last week to add a further 8 at 706p. best Howarth post a rise of 6 at

Interest in Gateway tailed off after the Takeover Panel ordered the two parties in the bid hattle, US-backed Newgateway and UK consortium Isosceles, to stop buying shares pending its investigation into the valuation of the Isosceles stub equity. Turnover was well down on recent levels at just 3.1m shares as the price edged

higher to 237%p. Volume was higher in Asda, the supermarket group in which Canadian arbitrageurs the Belzberg brothers have a near 4 per cent interest. The news that the company will announce ite preliminary results on July 10 instead of later this week initially created excitement, but a spokesman for the company said that Asda was merely reverting to its original date for the release of its figures. The shares closed little changed at 181p.

A weekend press story that a bidder might have to pay £6 a

451p. BET recovered 7 to 285p. after 287p. The stock went spe-cial xd on Friday and one dealer said that there had been

Hartons jumped 5 to 6ip on takeover speculation and per-sistent buying from a single investor. At least 700,000 shares were traded, more than 10 per cent of the company's issned stock.

S to 24ip on a press tip and a recurrence of vague talk that Boots might bid. Analysts have dismissed such talk in the past.
There was no stopping US
buying of British Airways,
which firmed another 2 to 208p in strong turnover of 5m

Davy Corporation posted full year profits almost trebled at 228m. The stock duly rose to close at 254p, up 5 on the day. Dealers were particularly pleased with the final 5p dividend, making 8.5p for the year against a previous 8 k p. David S Smith drifted back

as bid speculators became frus-trated over the lack of develop-ments and the shares closed 7 mems and the snares closes ? lower at 335p. Yellowhammer stood out in ageocies, rising 6 to 197p ahead of today's prehm-inary results. Friday's hid for Southamp-ton, IOW & SOE RM Steam Packet, up 15 further at 242p, down attention to other facts.

drew attention to other ferry operators and Isle of Man eam Packet shot higher to 550p, up 37. The fear of higher interest

rates contributed to a fresh set-back in British & Commonwealth. Since being dropped from the FT-SE 100, index-linked funds have no need for trading with Shell leading the way, improving 9 to 418p. Inter-est was stimulated by news that Agip, the Italian oil com-pany had spent \$183m huying reserves in Nigeria. Shell has 20% of the licences on those reserves. "It is further evidence that big oil companies are chasing reserves," said Mr Simon Irwin of Kleinwort Ben-

Two stocks made their buts in the market yesterdebuts in the market yester-day. Commercial property group Molyneux Retates, placed at 55p, opened at 58p-bid and edged higher to close just off the top at 58p. Tavern Lei-sure, an Oxfordshire-based pub and catering group, touched 39p before easing to close at 37p compared with the placing price 30p. Enterprise (up 4 at 559p), Clyde (up 3 at 145p) and Lasmo (up 6 at 474p) all performed well shead of the announcement of the outcome of the 11th licencing round of acreage allocations in the North Sea. The consensus among analysts is that the details will be revealed in Parliament on price 30p.
Oils took off in afternoon Thursday

When the Beecham Group/ Smithkline Beckman merger is implemented, Smithkline Beecham will replace Bee-Beecham will replace Beecham Group in the FT-SE and FT-A indices. The weighting will be equivalent to that of the sum of the number of "A" shares and five times the number of Equity units. The same weighting will apply to the FT-Actuaries Equity share indices. In the FT-A World indices. In the FT-A World indices, separate lines for the "A" ordinary and Equity units will be included - both as UK securities.

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

## To the Holders of Warrants

the shares and there are few other buyers, said a marketma-

ker. Last week at the annual

meeting the chairman faced critical questioning over the

persistent decline in the shares

which yesterday dropped 10 more to a new low of 154p. Elsewhere, Tranwood rose 3 % to a peak 46p.



#### KEIHANSHIN REAL ESTATE CO., LTD.

issued in conjunction with U.S.\$25,000,000 21/s per cent. Guaranteed Bonds 1992 NOTICE OF OFFER OF RIGHTS

Pursuant to sub-clauses (A) and (B) of Clause 4 of the Instrument (the "Instrument") dated 27th April, 1987 relating to the above described Warrants (the "Warrants"), notice is hereby given that the Board of Directors of Keihanshin Real Estate Co., Ltd. (the "Company") at its meeting held on 20th June, 1969 resolved that the Company offer rights to its shareholders of record at 15.00 hours, Japan time, on 31st July, 1989 (the "Record Date"), entitling them to subscribe for 0.1 share of the Company's common stock for each one share held at the subscription price of 500 Japanese yen per share. Such rights will be exercisable for the period from 7th September, 1989 to 18th September, 1989 (both days inclusive). The shares of common stock subscribed by the shareholders will be issued on 1st October, 1989.

As a result of such offer of the rights, the subscription price of the Warrants (currently 810 Japanese yen per share) will be adjusted, effective as at 1st August, 1989 which is the day immediately following the Record Date, pursuant to paragraph (ii) of Clause 3 of the Instrument. However, the subscription price after the adjustment is at present not determinable, pecause it will be calculated based on the number of shares of the Company's common stock outstanding at the close of business in Japan on the Record Date. Further notice will be given of the adjusted subscription price. THE SUMITOMO BANK, LIMITED

KEIHANSHIN REAL ESTATE CO., LTD.

Dated: 27th June, 1989

#### Huson becomes group sales executive director. Mr David Griffiths is made executive director finance and company secretary. Mr David Green is promoted from works engineer to executive director

M KVAEKNER GOVAN, Glasgow, has appointed Mr Steiner Draegebo as deputy managing director from August 7. He will take over as managing director on December 31 when Mr Eric Mackie retires.

KVAERNER GOVAN,

Following the annual meeting Mr Jim Furlong will take over as chairman of BESTWOOD as Mr Anthony Holmes is not seeking re-election. Mr Furlang, who owns 7.4 per cent of the company, and with his family and associates controls 25 per cent, is chairman of the housebuilding and civil engineering subsidiaries. Mr Alan Kaye, managing director of Atlanta Trust, mortgage lending subsidiary, has been appointed an executive

Mr T.J. Palmer, chief executive of Legal & General Mr Jeremy James has been appointed a director of SMITH & WILLIAMSON SECURITIES. Group, has been appointed ASSOCIATION OF BRITISH

director of Bestwood.

Mr David Gale is promoted to personnal director on the board of AUSTIN REED ■ Mr Jeremy Capo-Blanco has been appointed to the main board of RED BANK, GROUP from July 3. On the same date Mr Tony Barry joins the group as retail director. He was merchandise director

Mr Christopher P. King, director Europe, The British Petroleum Co, and Mr Alan C. Long, a director of B.A.T. Industries, have been appointed non-executive directors of FOSECO. Mr Mike Rich has joined

ALEXON as sales director. He was sales and marketing director of United Merchants and Manufacturers Inc. Mr Desmond Stephen has been appointed sales director of Eastez, part of the Alexon Group. He was sales director of the House of Fraser



Mr David Cooper (above) has become a general manager at GUARDIAN ROYAL EXCHANGE and is to lead the strategic planning division. He was previously deputy general manager in the investment and finance division and will continue to be based at GRE'e corporate head office.

#### CORRECTION

NOTICE TO THE HOLDERS OF THE ASHIKAGA BANK, LTD. 21/2 per cent. Convertible Bonds due 2002

A typographical error was contained in the notice to the Bondholders published on 22nd June, 1989 concerning the adjustment of the convenion price of the Bonds the to the resolution of the Bond of Directors of the Bank to issue new shares of its common stock by way of public offering in Japan, in that the number of such new shares was erroneously printed as 80,000,000 while the correct number is 30,000,000. The rest of the notice remains preparate as and of the source of the notice remains preparate.

Dated: 27th June, 1989

The Astrikaga Bank, Ltd. By: The Mitsubishi Bank, Limited as Principal Paying Agent

#### WEEKEND FT SATURDAY 1st JULY

The Weekend FT dated Saturday, 1st July will contain a seperate 12 page special colour illustrated feature on the residential property market.

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#### ■ Mr Tim Westhrook has been appointed managing director

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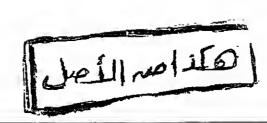
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		FT UNIT TRUST INFORMATION SEF	Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128
	Comparison   Com	Assurance	Rid Offer   ar   Yield   Assurance(2)   All Offer   Assurance(2)   All Offer   Ar   Yield   Ar   Yield   Ar   Yield   Assurance(2)   All Offer   Ar   Yield
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INSURANCES - Contd   PAPER, PRINTING,   1989   Stack   Price	90 828ectman A 10p. y 84 b 4781 15 7.411.81 3-4 120b Warrants 121p. y 31 +1 219 1958ri Motair y 286 -1 8.0 3.2 33 7 7 105 1 971; bo Siepoel Pri 121; sy 98 -1 144.5 - 6.3 346 +6 13.0 2.3 5.0 9.9 110 91 Riter Plate to y 98 -1 77.34 1.410 0 227 1960 assort mt. p 215 8.6 20 5.5 11.6 55 430c cap y 48 -1 77.34 1.410 0 227 1960 assort mt. p 215 8.6 20 5.5 11.6 54 40 cap y 20 3 40 40 20 3 40 40 40 20 40 40 40 40 40 40 40 40 40 40 40 40 40	102 031; Premer Cost 50 8 99 7 9. 36.4 94 4. Multivira Stro 102 7 0.5 4.0 1.6 2.6 2.0 1.6 2.6 2.0 1.6 2.6 2.0 1.6 2.6 2.0 1.6 2.6 2.0 1.6 2.6 2.0 1.6 2.0 2.6 2.0 1.6 2.0 2.6 2.0 1.6 2.0 2.6 2.0 1.6 2.0 2.6 2.0 1.6 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0
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COMPANY NOTICES

MALAYSIA MINING CORPORATION BERHAD NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that so Extraordinary General Meeting of the Company will be held at Hartequin Baliroom, Ground Floor, The Merka Hotel, No.2 Jaken Suitan Ismail, 50250 Konia Lumpur on Monday, 17 July 1989 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following as an ORDINARY RESOLUTION:

#### Sterling continues to fall appointing US durable goods

FFr10.3075.

the dollar, it finished at \$1.5450 from \$1.5670 but improved improved improved from to Y217.50 from

Y216.75. Elsewhere, it finished at SFr2.6025 from SFr2.6075 and FFr10.2550 compared with

Sterling appeared to be little

affected by comments from Mrs Margaret Thatcher, Prime Minister. Speaking at the EC summit in Madrid, Mrs

Thatcher stressed that entry by sterling to the EMS exchange rate mecbanism

could only be achieved after a significant reduction in the

The dollar finished on a firmer note compared with

closing levels on Friday. Dollar trading remained nervons, with no real direction detected in relatively low volume. The strong opening reflected short

level of UK inflation.

Changes are for Ecu, therefore positive change : Activisment calculated by Financial Times.

orders for May.

However, the extent of the

dollar's improvement was limited by fears of renewed cen-

tral bank intervention. The US unit moved above DM1.96 only

briefly because renewed selling quickly developed above this

The dollar closed at DM1.9570 from DM1.9390 and

Y140.80 compared with Y138.40. Elsewhere, it finished at

SFr1.6840 from SFr1.6640 and FFr6.6375 against FFr6.5775. On

Bank of England figures, the

dollar's exchange rate index rose to 71.6 from 71.0.

against the French franc, as Frencb short-term interest

rates were marked higher, clos-

±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752

0.4

One Year

144-144 91-9 174-714 7-64 75-61 127-124 87-84 85-84 91-95

covering in Far East markets, as the dollar bounced back FFT3.3922. However, it was from the softer tone seen on Friday after the release of dis-

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT- FORWARD AGAINST THE POUND

**DOLLAR SPOT- FORWARD AGAINST THE DOLLAR** 

Commercial rates towards the est of Loudon trading; I UK and bretand are quoted in US correcte, Forward premised discounts apply to the US deltar and not to the individual correct, Belgian rate is for convertible frair Founcial frair 41.05-41.15

EURO-CURRENCY INTEREST RATES

One month

0.56-0.53cpm 0.32-0.21cpm 2-1-1 cpm 2-1-1 cpm 2-1-1 cpm 15-1-1 prion 12-37clis 19-9cpm 3-21cpm 3-2-1 cpm 15-1-1 cpm 15-1 cpm 15-1

P.A.

Three Months

ollars: two years 9,4–8 it per cent; three years 9,4–8 it per cent; four years 9,4–8 it per cent; flut It manical, Short term rates are call for US Dollars and Japanete Yet; others, two days' notice.

2.603 1.683

0.861

2.537 1

0.764 1.190

1411

3.408 2188 2.206 1416

2133 840.6

642.0 1000.

1186 3462

1.798 0.709

0.541 0.843

18.54 28.68

1.127 15.67

3.322 1.309

1 1.558

1.847 5.392

**EXCHANGE CROSS RATES** 

10.26 6.641

337

10. 3.942

3.011 4.689

5.561 16.23

Sbt Months

43.2898 8.05370 2.06882 7.01638 2.33077 0.776187 1497.68 132.250

The D-Mark lost ground

STERLING CAME under renewed pressure yesterday as investors adopted a cautious stance ahead of the release today of UK May trade figures. The Bank of England sold dollars in very early trading in what was seen as an attempt to keep the pound's exchange rate index above the 90.0 level. During the morning it was largely successful, but the pound was sold again in the afternoon and by 3pm, the index had slipped to 98.9, down from 90.1 at the opening and 90.3 on Friday. It closed at 89.7, the lowest level this year, and despite a further round of intervention by the

Bank of England. Most analysts are looking for a current account shortfall of around £1.6bn, although there are fears that the deficit may be swollen to near the £2bn mark as companies increased their imports to beat the dock strike. Sterling has now fallen by over 8 per cent since the beginning of the year, and the inflationary implications of such a decline are likely to increase the chances of another rise in base rates, should sterling fall below the

key support level of DM3.00. The pound fell to DM3.0225, its lowest level since it was allowed to break above DM3.00 in March last year, the close on Friday was DM3.0375. Against

#### **£ IN NEW YORK**

Jame 26	تدا	Latest		005 SP
£ Spot	0.55- 1.88-	1.5540-1.5550 0.55-0.54pm 1.88-1.85pm 7.10-7.00pm		1.5665 0.53pm 1.70pm 6.60pm
Forward premis			ide the l	
		Jane	∂ó Pro	evious
8.30 am 9.00 am 10.00 am 11.00 am 1.00 pm 2.00 pm 3.00 pm 4.00 pos		90.1 90.2 90.2 90.1 90.0 90.0 89.7	9999	0.2 0.2 0.3 0.3 0.5 0.4 0.4
CUR	REN	CY R	ATE	3
June.26	Bank rate	Special Drawin		pean   rédéy

Junc.26	Bank rate %	Special* Drawing Rights	European Currency Unit
Irish Punt,	2000 2000 0 40 m.	1.24126 1.49309 17.2363 51.1673 9.53268 2.44761 2.75362 8.29283 1774 62 179 760 8.92090 156.335 M/A 2.10925 211.024 M/A	1.46512 1.06012 1.26694 14.5660 43.2898 8.05370 2.06882 2.33077 7.01638 1497,68 148.384 1497,68 148.384 17.754697 132.250 7.00896 178.227 0.776187
# Sterling quote	d as leve	C OF SIND and	FCH oe F

# Sterting quoted in terms of SDR.and ECU.per E. † European Commission Calculations.  *AIT SDR rates are for June.23  CURRENCY MOVEMENTS						
June.26	Bank of England Index	Morgasi <sup>00</sup> Guaranty Changes %				
Sterling	89.7 71.6 103.8 106.4 106.0 103.2 112.6 107.3	20.5 -7.1 +9.6 -5.9 -1.6 +20.4 +16.9 +13.4				

French Franc	99.2 98.9 141.9	-15.5 -19.2 +74.1		
Morgao Georganty 1982–100, Bank of 1985–1009**Rates are	changes: a England index forJune.23	rerage 19 (Base Are		

Morano Georanty clonges: average 1980- 1982-190. Bank of England Index (Base Average 1985-1009 Rates are forfune.2).  OTHER CURRENCIES								
June.26	£	S						
Argent ma Asstral la Asstral la Findand Greece Horn Kong Kores/Gibl Kuneah Lusembourg Malaysia Meziand Singapore Singapore Singapore Singapore Singapore J. Af (Fri) Talwan U.A.E U.A.E	5.78-0 · 5.7915 3.0155 · 3.0210 4.2770 · 4.2875 6 1645 · 6.2905 41.15 · 41.25 5.6665 · 5.6720	225,00 - 228,00 1,2990 - 1,2991 1,2990 - 1,2990 1,3960 - 4,3890 100,65° 169,65 7,7920 - 7,7940 74,290 - 7,7940 74,290 - 2,7530 0,29470 - 0,27530 0,29470 - 0,27530 0,29470 - 0,27530 1,495,00 - 2,7610 1,255 - 1,7155 1,520 - 1,9540 1,520 - 1,9540 1,						
	*Selling rate							

**MONEY MARKETS** 

London rates firm

CONCERN ABOUT sterling and the approach of today's announcement of the UK trade figures pushed interest rates up on the London money market yesterday.

Three-month sterling interbank finished at 14%-14% per cent compared with 14%-14 per cent on Friday. Today's publication of the the May trade data is seen as an important

UK clearing bank base leading rate 14 per cent from May 24

test of confidence at a time when the pound is under pressure and sliding towards DM3.00. Recent indications from the Bank of England. such as the rejection of low bids at the Treasury bill tender on June 17, bave pointed to the reluctance of the authorities to endorse another rise in bank base rates. Higher rates are not ruled out by the market bowever, if the balance of trade position worsens and the pound continues to fall. The Bank of England ini-

tially forecast a money market credit shortage of around £300m, but revised this to £400m at noon and to £450m in the afternoon. Total belp of £296m was provided. The authorities did not operate in the market before lunch. In the afternoon £231m bank bills this week and increased use of were bought in band 1 at 13% the Lombard emergency borper cent. Late assistance of rowing facility.

0.293

Short. term

June 26

H FI. Lira

7 Days

1957

13.90

2946 1.161

0.887

1.638

0.511 7.103

1.506 0.544

0.453 0.706

0.837 2.445

217.5 140.8

212.0 83.56

63.82 99.41

117.9 344.1

around £65m was also pro-Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,255m. This factor was partly offset by Exchequer transactions adding £460m to liquidity; a fall in the note circulation of £475m and bank balances above target of

In Frankfurt call money rose to 6.40 per cent from 6.35 per cent yesterday as credit tight-ened. Fears that conditions will become more difficult, as the month draws to an end, led to anincreased demand for funds and a sharp fall in banks' reserve holdings with the Bundesbank. This led to suggestions that call money could touch the 6,50 per cent Lombard level before Thursday's Bundesbank council meeting. Concern about inflation is believed to be increas-ing in official circles, but a slow down in West German money supply growth means the market does not expect the Bundesbank to increase inter-

est rates this week. News that banks' reserve holdings at the central bank fell to DM47.2bn on Thursday from DM51.9bn on Wednesday pnt upward pressure on call money. Pension payments are expected to increase the demand for credit, leading to a further rise in call money later

#### FINANCIAL FUTURES

## Weaker tone, but no panic

SHORT STERLING weakened on Liffe yesterday, but the volume of trading was not exceptionally beavy, at around 23,000 for September delivery. This was reasonably encouraging, according to traders, suggesting that there was no great

sign of panic, ahead of today's UK trade figures for May. September short sterling was sold as the pound lost ground. It opened a little weaker at

85.57 and fell to a low of 85.43, Pats 4 See 19 28 43 102 133 210 257 Estimated volume total, Calis, 788 Puts 185 Previous day's open lot, Calis 11144 Puts 13899

LEFFE \$/\$ OPTIONS \$25,000 (ceds per \$1) LIFFE EURODOLLAR SPTENS Lim soluts at 100% Pats-1 11 177 282 653 1120 1614 A92500 420 800 6 Jul 1425 925 443 168 79

Estimated volume total, Calls O Puts O Prestous day's open let, Calla 190 Puts 9 LONDON (LIFFE) 20-YEAR 9% NOTHERAL, GEL £50,500 32nds of 180% Close High Low 91-22 91-29 91-29 92-16 93-01 92-11

Estimated Volume 11120 (10508) Previous day's open Int. 26418 (25680) 97-05 96-18 Estimated Volume 4386 (2981) Previous day's open int., 6369 (6386)

6% NOTIONAL CERMAN COVY, BORES DN 250,009 100ths of 100% 95.05 94.82 Estimated Volume 14072 (21164) Previous day's open int. 42042 (43329) Close High Low Pres. 103.61 103.69 103.58 103.78 103.06

THREE MONTH EUMODOLLAR Sim points of 100%

91.28 91.45 91.61 91.20 91.36 91.53 Est. Vol. (lac. figs. not shown) 7253 (6088) Previous day's open lot. 42534 (43118)

93,05 93,07 93,14 93,17 Extinated Volume 1797 (3077) Previous day's open let. 16269 (16570)

217.96 218.60 217.00 217.20 221.90 222.40 221.20 221.60 Estimated Volume 2983 (3113) Previous day's open let. 25438 (25445)

POUND-S (FOREIGN EXCHANGE) Spot 1.5450 1-orth, 3-orth, 6-orth, 12-orth, 1-5396 1-5274 1-5075 1-4746 Mid-STEWLING Sa per S. Latest High 15322 15378 15130 15210 1.5316 1.5525 1.5320 1.5336 1.4940 1.5366

FT LONDON INTERBANK FIXING The fixing rates are the arithmetic means rounded to the nearest one-statestsh, of the bid and officed rates for SLDm quarted by the market to five reference banks at £1.00 a.m. each working day. The basels are Mational Westmissier Sank, Bank of Tokyo, October Bank, Banger Rational de Paris and Morgan Goarnaty Treat.

MONEY RATES **NEW YORK** Treasury Bills and Bonds 6.75-6.90 9-9-6 6-4-7 7.80-7-10 5-6-5-1 12-1-12-1 8-3-8-3 9-8-9-4 6.65-6.75 813-91 6.85-7.00 91<sub>8</sub>-91<sub>8</sub> 6.50 7.80

**LONDON MONEY RATES** Year One Overalgi Interbank Offer
Interbank 8 id
Sterling COs.
Local Authority Deps.
Local Authority Bonds
Discount Mitt Deps.
Company Deposits
Finance House Deposits
Treasury 8 illis (Buy)
Bank 8 illis (Buy)
Dollar COs.
SDR I loized Dep G 144 144 144 144 141 144 14 14 16 13 134 134 1412 134 144 134 134 135 1430 885 9 133 144 141 146 9.05 84 91

Treasury Sills (self); one-month 13½ per cent; three months 13½ per cent; Bank Rills (self); one-month 13½ per cent; three months 13½ per cent; Bank Rills (self); one-month 13½ per cent; Treasury Bills; Average tentier rate of discount 13.6141 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31 1989. Agreed rates for period June 26, 1989 to July 25, 1989. Scheme I; 14.02 p.c., Schemes II; 4.84 p.c. Reference rate for period April 27 to May 31, 1989. Scheme IV&V: 13.151 p.c.Local Anthority and Finance Houses seven days notice, others seven days fixed, Finance Houses Base Rate 13½ from June 1, 1989 Sank Deposit Rates for soms at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9½ per cent; con-three months 11 per cent; three-six months 11 per cent; six-due months 11 per cent; under £100,000 9½ per cent from December 1, 1988, Deposits withdrawn for cash 5 per cent.

before closing at 85.46, compared with 85.62 on Friday. Technical support is seen at

rechnical support is seen at around 85.40, but this is only likely to hold if today's trade announcement is better than generally expected. Little change from the April deficit of £1.66bn has been forecast, but the City has touded to revise the City has tended to revise up estimates of the likely trade gap in recent days.

Suggestions that this could be as high as £2bn did not help

Dec 727 546 413 260 160 116 49 

Estimated volume total, Calls 140 Pots 40 Previous day's open (nt. Calls 4331 Puts 2956

market believes that such a result will lead to a fall by ster-ling below DM3.00 or another rise in bank base rates. The present contract low for Sep-tember short sterling is 85.27 and this could well be tested if the trade figures are bad There is not much technical support between last night's close and the contract low and

remaining at 14 per cent if this low is not to be broken. LIFFE BUILD FUTURES OPTED 89 125 164 26

ume total, Calls 1260 Pots 1729 open lot. Calls 12412 Pots 10976

LUFFE SHORT STEPLING 803316887S 

PRILADELPHIA SE LIS OPTIONS £31,250 (cods per £1) Strike Price 1475 1500 1525 1575 1600 1625 CHICAGO

U.S. TREASURY BOOKS (CBT) 8% \$100,000 32mis of 100% JAPANESE YEN COMO Y12.5cm \$ per Y100 %-13 %-19 %-04 %-02 %-26 %-20 U.S. TREASURY BELLS (IMM) \$1m points of 198% 92.55 92.85 92.85 92.61 92.79 92.79 92.92 92.79 92.68 91.26 91.44 91.60 91.51 91.23 91.23 91.29 91.20 91.37 91.54 91.44 91.37 91.17 91.27 91.29 91.45 91.62 91.52 91.44 91.23 91.34 STANBARD & POORS 500 INDEX 0.59% 0.5977 0.60% Sep 0.6032 0.6010 0.6088 Dec: 0.6060; 0.6127 - Mar

BASE LENDING RATES

Comm.Bk.M.East Co-operative Bank

ABN Ban

Adam & Company
Adam & Company
Ada - Alited Arah Bit ...
Alited inth Bonk
Heary Arabacher
Associates Cap Com
Authority Bank

B & C Merchant Rank
Bank of Barotia
Bank of Barotia
Bank Banadia Next West united to the More than the More t Co-operative Bank
Counts & Co
Cyrus Pupular Bit
Dunbar Bank PLC
Duncan Lawrie
Expandral Bank pLC
Experiment Bank pLC
Fiscaled & Geo. Bank
Fiscaled & Geo.
Robert Fiscaled & Fiscaled
Geologies & Fiscaled
Geologies & Fiscaled
Geologies & Geo. Royal Trest Bank....... Smith & William Secs... Standard Chartered..... Basik Credit & Comm pane ureur & Comm
Bank of Cyres
Bank of Lecture
Bank of Incland
Bank of Incland
Bank of Soutland
Banque Belge Lto
Barciags Bank
Berchmark Bank PLC
Berliams Bank AC
Berliams Ban ted Bk of Kuwalt Rambrus Bank
Beritable & Ges Inv Buk
Hill Sanuel
C. Houre & Co.
Houghoug & Shangh
Leopold Joseph & Sons
Lloyds Bank
Medenall Dangtas Buk
Middand Bank
Middand Ba Brit Bik of Mid East .... Brown Shipley
Basiness Mitge Tis
CL Stark Hederland
Central Capital
City Membranis Rank
City Membranis Rank Banking & Scorrities Houses Association. \* Deposit aww 5.9% Savenire 6.5%. 100 Fer-£10,000-iestant access 12.8% a Microgore lesse rate. § Denarat deposit 9%. Mortgage 13.25% - 14% Mortgage Express Ltd. ... Mount Banking ...... Nat Bk. of Knuzik .....

**EUROPEAN OPTIONS EXCHANGE** 

Vol Last 60 15 135 7.50 3 1.50 5 5.20 7.20 3.30 5.80 5.80 4.69 2.60 1.50 0.70 1.60 3.10 5.20 7.80 631 836 351 103 200 273 312 1.70 1.50 3.50 6.60 10.50 2.70 2.70 5.40 125 254 220 3 1% 2.30 4 2.80 1 5.90 1.50 5.30 1 1.50 13.50 4.60 1.80 0.10

FI. 43.70 FI. 101.90 FI. 101.90 FI. 1220 FI. 123.10 FI. 123.20 FI. 133.20 FI. 133.20 FI. 133.20 FI. 133.20 FI. 142.10 10.30 3.10 3.30 2.20 3.70 1.30 1.60 4.80 5.20 3.40 100 34 23 59 10 121 30 102 427 230 56 77 122 69 550 170 4.60 2.80 1.80 7.60 7.10 5.60 100 64 27 21 10 31 49 9 1.80 1.50 95 234 72 311 664 134 663 1173 938 434 216 67 376 376 223 11.80 a 5.20 4.30 5.70 9.40 4.10 3.10 2.10 4.70 a 4.70 a 2.10 15 3.10 1.80 3.10 3.30 7.80 1.30 0.20 1.40 1.90 0.80 1.30 1.70 2.20 4.60 4.60 1.60 4.30 7.30 3.70 49385889 1981 TOTAL VOLUME IN CONTRACTS: 53,224
sk 8-Bk C-Cah P-Pak A-Ask

THAT approval be and is hereby given for the Company to divest 20,060,000 ordinary shares of 50 ten each is Since Darby Berhad for a total cesh consideration of \$100,000,000 to Permodalan Nasional Berhad, subject to the terms and conditions agreed upon by both Malaysia Munng Corporation Berhad and Permodalan Nasional Berhad; AND THAT the Directors of the Company be and are hereby unconditionally authorised to take all such steps as they may deem necessary or expedient in order to implement, finalize and give full effect to the said divestment. By Order of the Board ABDUL MALEK ARDUL MAJID WAN MOHAMED WAN YUSOFF it will depend on base rates

> A member cutiled to attend and wote at the meeting is cutiled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy to be valid must reach the Malaysian Registrary office at 32nd Floor, Menara PNB, 201A, Jahm Tun Razak, 50400 Kuain Lumpur, Malaysia or the United Kingdom Registrary office at Hill Samuel Registrary Limited, 6 Greencost Place, London SWIP 1PL, and less than

LEGAL NOTICES

BY THE MIGH COURT OF JUSTICE CHANCERY DIVISION MR JUSTICE PETER GIRSON

PUBLIC LIMITED COMPARY

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE is hereby given that the Order of the High Court of Justice Chancery Division dated 19th day of June 1980 confirming the reduction of the capital of the show-named Company from 2205,000 to 2201,721,304 was registered by the Registrar of Companies on the 20th day of June 1980. DATED the 23rd day of June 1989

ighter and May (FWNAMDE)

FORFRIS,Old Send St. Wi.01-029 1016 Tentrick SAMITHGARON-Fri 9,30-6,30 CRAME KALMAN GALLERY "A selection of paintings" (at efferdable prices) by flights, Francis, Duch and Spanies within of morti until and of Johy 56, 175 Bromphon Pland, London BWS, 61-684 7686/2634, Daity 10-5 Sat 10-4.

QUEBEC CENTRAL RAILWAY COMPANY

4% FIRST MORTGAGE

DEBENTURE STOCK

In preparation for the payment of the half-yearly internet doe August 1 100s on the above stock, the treater books will be closed at 8,50 p.m. on July 14 and the re-opened on July 24 100g

D.S. Kenst Sistert Secretary

ART GALLERIES

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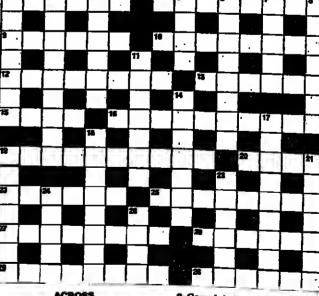
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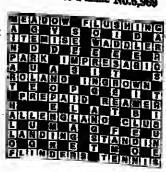
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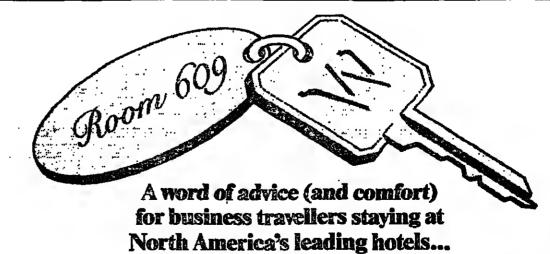
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# Dull Dow immune to bond rally

#### **Wall Street**

A QUIET morning on Wall Street saw stocks drifting downwards in moderate activity, with traders taking profits in the wake of Friday's surge, writes Karen Zagor in New

At 2 pm, the Dow Jones Industrial Average was down 13.09 points at 2,518.78. Advancing issues had a slight edge on those declining. At 2 pm the Transportation index, which closed at an all-time high on Friday, was up 0.65 points at

Bullish sentiment in the debt market did not carry through into equity trading. The bond market's rally was prompted by last week's economic data suggesting that the US economy was weakening. In the early afternoon the Treasury's bellwether long bond was quoted 2 of a point higher at 1084 yielding 8.13. Fed funds were 9% per cent at midses-sion, and the Fed did not enter

The dollar also rallied yester-day in moderate trading. In the

early afternoon it was at Y140.80 and DM1.9570, up from Y138.85 and DM1.9425 late on Friday in New York. Crude oil friday in New York Crude on futures also posted gains in early trading on the New York Mercantile Exchange.

In the absence of any economic news, both the stock and bond marksts are now

looking to Wednesday's release of leading economic indicators which analysts expect to post a decline in the region of 0.8 to

Columbia Pictures, which produced the summer season hit Ghostbusters II, was the most active of studio shares, adding \$1% to \$22% amid takeover apeculation. Such rumours have surrounded the company in recent months and Columbia declined to comment

on the stock's activity. Coca-Cola, which holds a 49 per cent stake in Columbia, dropped \$% to \$58%. Disney added \$% to \$95%. Of the bid stocks, Paramount, Warner Communications and Time Inc were among the most active issues in afternoon trading on the New York Stock Exchange.

# **Investors** stay away in face of mixed news

#### Tokyo

TORN between conflicting news of a steadier yen and a by-election defeat for the Liberal Democratic Party, the Japanese equity market showed mixed trends in very thin trad-ing, writes Yuriko Mita in Tokyo.

The yen's stability and Wall

Street's gains on Friday enabled the market to open on a firm note and it was further bolstered by index-linked buying by investment trusts.

Trading turned mixed in the afternoon, as the market was caught in the cross-currents of arbitrage selling and more index-lined buying by invest-

The Nikkei average managed to close 95.11 points higher at 33,625.82 after moving between a high of 33,692.95 and a low of 33,524.95. Advances just led declines 455 to 445, with 181

sues unchanged.
Volume remained very thin at 442m shares. The Topix 40 per cent, to 30 cents on news index of all listed shares that bankers had granted the

The mood in Tokyo was coloured by wariness due to the shaky political climate. The significant LDP by-election defeat over the weekend and the increasing unpopularity of Prime Minister Sousuks Uno's cabinet have made investors unwilling to act. Trading is likely to remain at relatively low volumes until after the Tokyo Metropolitan Assembly elections next week, in which the LDP is expected to fare

Securities house dealers also refrained from taking new long positions before today, the last trading day for the June

Pursuing their pattern of last week, heavy-capital and ship-building issues were active. Mitsubishi Heavy Industries, most actively traded on vol-ume of 18.64m shares, finished at Y1.210, down Y40, after profit-taking in the afternoon. Ohbayashi Corporation, one of the five largest construction

companies, wes second most actively traded, closing Y40 bigher at Y1,850, with 14.9m shares changing hands. Kawa-

NATIONAL AND

saki Heavy Industries lost Y20

to Y1.180 with 14.1m shares changing hands, making it the third most active issue. Demand for constructions was high, fuelled by hints from the Ministry of Construction that the building of condominiums may be permitted in a location an bour away from central Tokyo in the next 10

The Osaka market recorded a 37.75 point increase to 32,589.75, with 61.19m shares changing hands.

#### Roundup

A QUIET day for most leading Asia Pacific markets left share prices mixed, although Australia was enlivened by sharp declines in certain stocks.
AUSTRALIA slipped in a

quiet session marked by steep falls in individual stocks. The All Ordinaries index lost 1.2 to 1,509.4 in turnover of about

90m shares. Hooker plunged 20 cents, or climbed 3.57 to 2,489.80, but in company a four-month morato-London trading the ISE/Nikkel rium on debt repayments to 50 index fell 0.71 to 1,980.21. difficulties. A total of 4.1m

shares changed hands.

Bond Corp fell 9 cents, or 6
per cent, to A\$1.01 after the Australian Broadcasting Tribu-nal found that Mr Alan Bond was not a fit and proper person to bold broadcasting licences. Bond Media was unchanged at 29 cents. Bell Resources, a Boud snbsidiary, was suspended at 91 cents over its A\$3.5bn plan to buy Bond Corp's brewing interests.

HONG KONG rose in light trading, encouraged by news of the appointment of a new leader of the Communist Party in China, which suggested a more stable period.

The Hang Seng index gained

47.57, or 2 per cent, to 2,266.57.

Turnover was modest at HK\$787m, compared with HK\$785m on Friday.

SINGAPORE eased, but late bargain-bunting lifted ahares above their lows. The Straits Times industrial index fell 2.71 to 1.28758

Institutional buyers stayed on the sidelines and volume shrank to 76.5m shares from Friday's 81m.

Time jumped \$4% to \$170, although still lower than the \$200 bid from Paramount. Paramount was unchanged at \$58. Warner, which agreed to be acquired by Time for \$70 a share, fell \$% to \$58%.

Holly Farms, the chicken producer which has accepted a bid of \$70 a share, worth about \$1.4bn, from Tyson foods, was up \$% at \$69%. Tyson also added \$% to \$18% in overthe counter trading. ConAgra, which agreed to accept \$50m for dropping its bid for Holly Farms, rose \$% to \$36%.

Prime Computer, which last week agreed to be acquired for \$21.50 a share by J.H. Whitney, a private investment group, fell \$% to \$16%.

IBM the biggest US computer

manufacturer, rose \$1½ to \$12½ in heavy trading.
Ford Motors, which yesterday said it woold close two of its largest plants, laying off about 4,500 employees, was unchanged from Friday's close at \$49. Although the US automobile industry proceed disapmobile industry reported disappointing mid-June sales, General Motors added \$% to \$41%. Chrysler fell \$% to \$25%.

#### Taiwan hit by fraud allegations

A FRAUD scandal which threatens the careers of Taiwan's biggest stock market players sent share prices

players sent share prices plunging yesterday, Reuters reports from Taipei.

Panic selling was sparked by news over the weekend that two employees of the island's most influential brokers were being detained for questioning in connection with a scandal that involves illegal trading using dummy accounts. using dummy accounts.

The weighted index plummeted 463.72 to 9,309.47, almost the maximum daily fall of 5 per cent permitted under stock exchange rules. The broker at the centre of

the broker at the centre of the spreading scandal is Mr Yu Huai-yen, chairman of Fu Lung Securities Company and uncrowned king of a market that moves virtually at the command of a small group of very wealthy individuals.

Police allege that two of his employees illegally obtained identity cards of 50 college students and opened trading accounts in their names. Dummy accounts are used widely in Taiwan to beat a tax

on profits on sales of shares introduced this year. "This is a message to the manipulators: "The party's over, clean up your act'," said Mr John Crossman, a senior manager with Jardine Fleming

in Taiwan.

"It looks like a sell-off," he added, saying he expected the market to fall to almost 8,000 before finding support.

On Saturday, the secretary of Mr Weog Ta-ming, another influential market player, was also detained. Police alleged she used the identity cards of job seekers at one of his companies to open accounts.

panies to open accounts. Legions of small investors follow the so-called "big hands" who propel prices on

the bourse. They aearch for stocks which are being artificially boosted and leap in, hoping to ride the wave.

There are about 2.7m stock trading accounts in Taiwan, and many are said to be opened by traders in the names of farmers, taxi drivers and housewives who take a

Brokers said they believed the Securities and Exchange Commission, which regulates trading, had deliberately exposed the scandal to cool a market that has more than doubled in value this year.

## Japan regains some lost ground MARKETS IN DEREPECTIVE

#### By Alison Maitland

RESPITE in the dollar's surge against the yen provided the Japanese market with a chance to make up some lost ground last week and contributed to a healthy showing for the FT-Actuarles World Index.

Japan climbed 2 per cent during the week as the US currency lost steam and the yen picked up sharply in the forsign exchange markets. But the gains in Japanese

equities were not entirely convincing - turnover was very thin and investors seemed to be nervous that the yen's precipitous rise could just as quickly be reversed. There was also concern over

the prospects for the ruling Liberal Democratic Party in forthcoming elections to the Tokyo municipal assembly and the Upper House of the Diet (parliament). On the other hand, investment trusts were actively buying on some days last week, providing the mar-ket with a degree of support. None the less, the market's overall progress this year has been sluggish, with the Japa-nese index up just 4.7 per cent compared with a rise of 11.2 per cent in the World Index in local currency terms.
The World Index rose 1.7 per

cent last week, helped not only by Japan but also by good performances in the US (up 1.9 per cent) and in the UK (up 1.1 per cent). Most of the US gains were concentrated at the end of the week after a set of durable goods orders indicating a slowdown in the economy, the UK advance was based on takeover fever and a more resilient performance by the pound, but investors remained wary about the currency outlook.

Mexico was again by far the best performer among the 24 markets covered, gaining 8.6 per cent to take its rise this year to a remarkable 78.2 per cent. Hong Kong stayed at the bottom of the league, sliding 5.8 per cent last week to show a loss this year of 17.6 per cent. Continental Europe had a very mixed week. Norway led gains with a rise of 4.3 per cent, followed by Germany. Switzerland and France, while

	NW F13	314 ME	1191-00		
	% change in sterling f				
-		4 Weeks	1 Year	Steri of 1940	Start of
wstria	-0.60	+3.12	+ 58.30	+41.23	+ 49.01
Belgium	-1.12	-1.63	+14.94	+ 4.65	+ 10.73
enmark	-1.55	+10.95	+67.30	+26.41	+32.77
inland	-1.41	-3.05	+8.34	+ 12.94	+24.92
	+2.03		+35.46	+ 15.20	+ 22.48
rance	+3.91	+7.68	+29.72	+12.73	+ 19.08
Vest Germany	-0.60	-4.81	+6.11	+ 11.92	+ 17.99
relend	-0.84	+7.35	+22.92	+ 6.72	+ 14.48
laly	+0.47	+2.07	+ 22.95	+17.17	+ 24.09
letherlands	+4.28	+1.78	+ 58.58	+41.32	+51.60
lorway	-1.32		0.50	+9.55	+ 15.42
pain		-1.16	+ 46.52	+22.77	+32.17
weden	-0.32	+1.82	+ 12.43	+ 15.30	+20.19
witzerland	+ 2.07	+12.08	+ 15.17	+ 19.74	+ 19.74
Ж	+ 1.07	+0.69	+ 15.17	+ 16.20	+ 19.93
UROPE	+ 1.22	+2.80	+ 20.56	+ 70.20	
ustralia	-1.50	-2.00	-3.32	+ 1.69	+ 5.70
long Kong	-5.75	-22.63	-15.60	-17.64	-4:77
apann	+ 2.00	-2.10	+ 17.09	+4.67	+9.14
Aalaysia	-0.34	+0.53	+ 22.59	+24.55	+ 44.27
lew Zealand	+0.03	+ 4.40	+0.31	+7.35	+ 15.51
ingapore	-0.66	+ 1.38	+23.81	+ 27.89	+ 45.96
			. 0.60	+ 12.33	+ 29.91
anada	+0.95	+ 2.21	+ 8.58 + 18.66	+ 18.05	+36.30
SA	+1.93	+ 1.93		+78.22	+68.55
Mexico	+ 8.57	+19.10	+ /2.1/	+10.22	
outh Africa	+ 1.75	+ 8.20	+50.92	+31.27	+44.85
VORLD INDEX	+1.69	+ 0.23	+18.10	+11.19	+ 19.84

A number of oil companies

posted gains including Exxon which rose \$% to \$45, Chevron,

up \$½ to \$53½, and Amoco, \$½ higher at \$45½. Mobil was down \$% at \$49½. Royal Dutch

Petroleum dipped to \$% to \$63.

Philip Morris fell \$% to \$142. General Electric was down \$%

THE MARKET was mixed in

Toronto where stocks rose

slightly at midday as the com-posite index edged up 2.7 to 3,775.90 on volume of 11.9m

shares.
Gold stocks slipped back.
Placer Dome fell C\$% to C\$16%
and Hemlo C\$% to C\$14%.
Louvem, up 50 cents at C\$3.70,

and Aur, up C\$1/2 at C\$81/4, continued to gain on the news of a

Charan Industries, which announced a refinancing plan last week and has the rights to

distribute Batman products in Canada, led the most active

industrials list, rising 15 cents

copper-zinc-gold find.

at \$54%.

Canada

Among blue chip issues,

# Bourses lack direction and take a breather

Spain and most of the smaller bourses retreated.

EUROPEAN bourses made little progress yesterday as profit-taking offset small gains, writes Our Markets Staff. FRANKFURT saw a modicum of consolidation after its rise to post-crash peaks, but optimism remained high. One analyst said: "We can expect a few days of dull volume and some consolidation, but the underlying tone is still very

Good corporate results, the strength of the D-Mark against sterling and reasonably stable interest rates have contributed

The DAX index fell 3.45 to 1,487.75 and the FAZ eased 1.99 to 617,12. Turnover was active at DM6.43bn, but below last

week's highs.
Henkel, the chemicals company, saw its preference shares slip DM4.50 to DM535.50 after gaining DM18.50 on Friday. It announced sales up 12 per cent for the first five months of the year and predicted a rise in

annual profits.

Hoeseb, the most active issne, shed DM13 to DM273 after going ex a DMS dividend. It forecast good profits this year and reported five-month sales up 11 per cent.
The retail sector was mostly

unchanged or higher after settlement of a government dis-pute with the retailing union over a longer working week. Hussel gained DM5.50 to

PARIS disappointed the opti-mists by failing to build solidly on Friday's 1.4 per cent gain. A sharp fall in the Michelin share price knocked already cautious

sentiment and shares ended the day barely changed.

Michelin tumbled FFr19.70, or 9 per cent, to FFr195.20 after speculation about good naws from a meeting with analysts late on Friday was replaced by the company's acquisition of National Tyre Service of the UK from BTR, a move analysta fear will affect earnings this year and next.

The French market was also held back by the lack of further progress in early Wall Street trading. "We feel a lot of street trading. We leel a lot of investors are somewhat cau-tious at the moment," said one broker. "They don't want to increase their exposure to the market, so whenever they buy a new stock they take profits in another stock." Peugeot gained FFr33 to FFr1,733 amid expectations of a positive annual general meet-

ing tomorrow. Profit-taking hit Pechiney after its strong run

last week, with the investment certificates losing FFr16.40 to FFr373 in active trading. The OMF 50 index ended 0.28 higher at 503.13 and the CAC 40 index was off 0.26 at 1,760.10. The opening CAC General index hit a new high of 491.00, up 2.74. ZURICH had a dull day and

most stocks suffered small losses. The Crédit Suisse index lost 3.5 to 605.1.

Food group Jacobs Suchard's registered shares slumped SFr110, or 7 per cent, to SFr1,420 - a fall described by one saleswoman as "a little odd" - while its bearers rose STANS to SEAT OF STANDARD said SFr25 to SFr7,250. Suchard said last week that foreigners would be able to own its regis-

tered shares for the first time.
In the sams sector, Nestle
bearers slipped SFr30 to
SFr7,750 on the first day of the
company's listing on London's
International Stock Exchange.
The saleswoman said she did not expect the listing to affect the price greatly, as London brokers would already have been recommending the stock.

MILAN attracted profit-taking after an early advance and shares ended only slightly higher. The Comit index rose 0.7 to 648.54.

Fiat continued to perform well, picking np L155 to L10,400. The company is expected to give more details of its share bny-back plan at its annual meeting on Friday.

Generall, the insurance company, gained L200 to L42,800 after its weekend announce-

ment of strong profits for 1988.

AMSTERDAM had a thin, weak session with turnover of only Fl 585m, well below last week's levels. The CBS tendency index shed 1.1 to 190.9. Foreign interest was minimal and one analyst suggested US and UK investors might have switched ont of the Netherlands into their home markets to play the spate of takeover battles.

Hoogovens, the steel stock, saw heavy profit-taking with a fall of Fl 2.90 to Fl 114.10, which still leaves it np about 60 per cent on the year.

One of the few bits of news

was the announcement by SHV Holdings, a private company, that it had built up a 12 per cent stake in retailer Ahold over the past 18 months and was considering selling it. Ahold eased 40 cents to F1 122.
STOCKHOLM was pulled higher by strong gains from blue chips Ericsson and Astra.

at 1,214.5. Free B-shares in Ericsson rose SKr14 to SKr575 on continned confidence in the telecom-munications group's performance. Astra's restricted A-shares climbed SKr9 to SKr302 on hopes for Losec, the pharmacentical group's new

The Affärsvärlden closed 7.8 up

anti-ulcer drug.
BRUSSELS closed mixed to higher in very light trading with the cash index up 28.43 at

Société Générale, which said its issue of 7m shares was oversubscribed, closed unchanged at BFr4.675. However, two of the group's subsidiaries that are in the process of reorgani-sation, closed higher. Gechem, against the trend in the chemi-

cal sector, added BFr14 to BFr1,138 and ACEC, an engineering company, rose BFr6 to

Arbed, the Luxembourg steel group, which climbed last week on news that it expected to pay an ordinary share dividend for the first time since 1975, fell BFr100 to BFr6,240 on profit-taking.
MADRID had another indecl-

mankin had another indeci-sive day, with the general index edging up 0.52 to 309.75 in weak volume estimated to be below \$100m.

The banking sector, which has a hefty weighting in the index, remained out of favour.

#### **SOUTH AFRICA**

THE FIRM gold price and weaker financial rand helped lift leading shares which closed sharply higher in Johannesburg. Gold issues led the advance. Vaal Reefs added R15 to R925.

and Freegold R2 to R32. In

mining fluencials Angles rose R4.75 to R92.75.

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#### FT-ACTUARIES WORLD INDICES

Jointly comp(led by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Inatitute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS	FRIDAY JUNE 23 1989						THURSDAY JUNE 23 1989			DOLLAR INDEX		
Figures in parenthoses show number of stocks per grouping	US Dollar Index	Ony's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	(approx)
Austrelia (84)	132.30	- 1.2	125,17	114.48	0.3	5.15	133.92	127.84	114.61	157.12	128.28	146.83
Austria (19)	123.84	+0.3	117.17	125.17	-02	2.12	123.47	117.88	125.46	124.18	92.84	84.25
Belgium (63)	129.58	+0.4	122.60	130.22	-0.1	4.22	129.12	123.26	130.39	137.10	125.58	121.05
Canade (123)	141.27	+ 1.1	133.66	121.88	+ 1.0	3.26	139.79	133.45	120.71	141.80	124.67	128.81
Denmark (38)	195.96	+ 1.2	185.40	200.96	+0.4	1.68	193.65	184.87	200.17	195.96	165.35	128.89
Finland (26)	141.62	+0.4	133.99	129.12	+0.0	1.83	141.08	134.68	129.12	159.16	125.81	133.38
France (128)	122.05	+23	115.47	125.92	+1.2	3.01	119.26	113.85	124,45	122.79	112.57	96.18
West Germany (100)	90.72	+ 1.4	<b>65</b> .63	81.45	+0.4	2.22	89.45	85.39	81.12	90.72	79.58	74.55
Hong Kong (49)	92.23	0.8	87.26	92.30	-0.6	5.80	92.77	88.56	92.64	140.33	86.41	109.20
Ireland (17)	134.69	-0.4	127.43	138.13	-0.8	3.05	135.17	129.04	139.38	151.36	125.00	137.39
italy (97)	84,41	+1.3	. 79.87	88.61	+ 0.0	2.61	83.34	79.56	88.57	86.88	74.97	71.98
Japan (455)	181.04	+ 2.5	171. <i>2</i> 9	158.38	+0,8	0.50	176.70	168.69	157 <i>.4</i> 9	200.11	164,22	163.85
Malaysia (36)	179.35	+ 0.0	169.88	188.46	···O,1	2.57	179.37	171.24	186.56	185.03	143.35	151.50
Mexico (13)	264.33	-2.8	250.09	721.36	+1.1	0.70	271.98	259.65	713.84	271.98	153.32	187.70
Netherland (42)	120.82	+ 1.3	114.31	120.38	+0.3	4,30	118.24	113.83	120.05	122.22	110.63	104.75
New Zaaland (24)	67.84	···Q.1	63.99	81.17	-0,2	6.07	67.74	64.67	81.28	76.02	62.64	81.45
Norway (26)	182.44	+ 3.2	17261	174.95	+2.4	1.47	176.83	168.61	170.89	198.39	139.92	124.85
Singapore (26)	159.26	-0.2	150.68	143.39	-0.2	1,94	159.52	152.29	143.84	161.98	124,57	123.28
South Africa (60)	146.61	+0.5	138.71	128.96	+0.5	4.15	145.81	139.20	128.26	146.61	115.35	124.13
Spain (43)	146.36	+00	140.36	139.53	-0.4	3.62	148.29	141,56	140.08	156.17	143.14	155,09
Sweden (35)	165.56	+0.8	156.64	160.97	+ 0.0	2.13	164,31	156.86	160.97	165.56	138.45	118.36
Switzarland (57)	81.29	+ 1.7	76.91	83.86	+0.3	2.29	78.91	76.29	83.60	81.29	67.81	79,92
United Kingdom (314)	140.35	+0.4	132.79	132.79	-0.5	4.40	139.86	133.52	133.52	153.33	133.28	134.15
USA (555)	133.62	+1.7	126.43	133.62	+ 1.7	3.36	131.44	125.48	131.44	133.62	112.13	111.87
Europe (1005)	118.15	+0.9	11273	116.82	+0.0	3.51	118.03	112.68	116.84	121.70	112.63	106.96
Nordic (125)	161.13	+ 1.1	152.45	153.39	+0.4	1.85	159.35	152.12	152.82	181.13	137.95	115.14
Pacific Basin (674)	175.93	+23	168.45	154.32	+0,5	0.73	172.00	164_20	153.53	194.72	160.44	160.98
Euro - Pacific (1679)	153.27	+ 1.8	145.01	139.29	+0.3	1.61	150.48	143.65	138.81	164,22	141.58	139.39
North America (678)	133.99	+ 1,8	128.77	132.90	+ 1.6	3.35	137.84	125.86	130.78	133.99	112.79	112.58
Europe Ex. UK (691)	105.57	+ 1.4	<b>99.88</b>	106.93	+0.4	2.65	104.11	99.39	106.53	105.57	96.30	90.07
Pacific Ex. Japan (218)	114.76	-0.8	108.58	103.79	-0.3	5.01	115.74	110.49	104.15	137.65	111.93	126,36
World Ex. US (1875)	152.85	+1.8	144.62	138.81	+0.4	1.69	150.13	143,33	138.30	162.77	141.49	138,91
World Ex. UK (2118)	145,44	+ 1.9	137.61	137.46	+0,9	2.03	142.73	136.26	136.20	146.04	136.96	127.78
World Ex. So. Af. (2370)	144.96	+ 1.8	137.16	137.07	+0.8	2.23	142,44	135.98	135.99	146.65	136.67	128.35
World Ex. Japan (1975)	127.89	+1.3	121.00	126.15	+ 1,0	3.48	126.28	120.55	124.95	127.89	114.51	111.31
Tha World (ndex (2430)	144.97	+ 1.8	137.16	137.01	+0.8	2.24	142.48	136.00	135.93	146.51	136.68	128.33
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